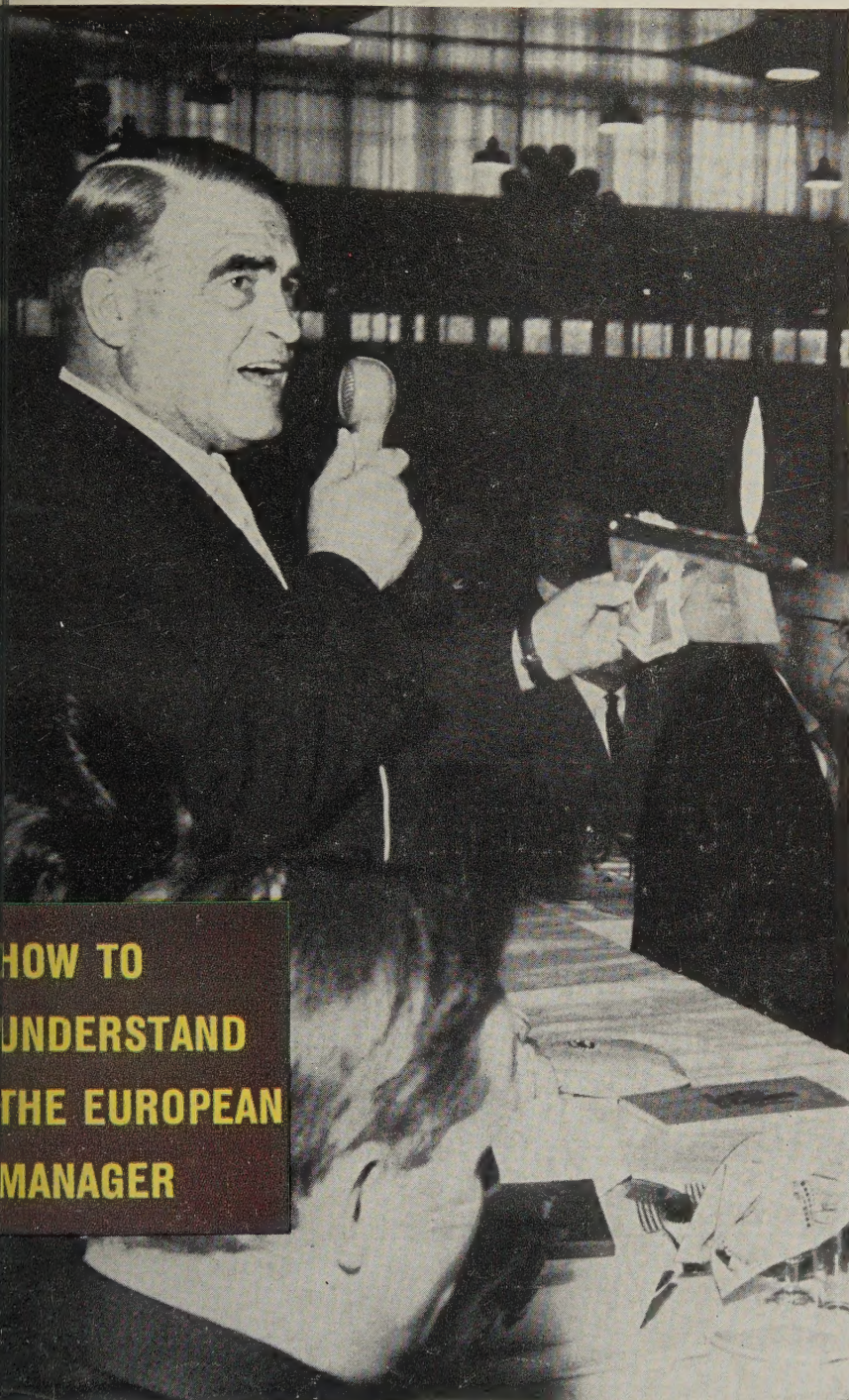


# Management

## METHODS

NOVEMBER 1960

PRACTICAL SOLUTIONS TO ADMINISTRATIVE PROBLEMS



**HOW TO  
UNDERSTAND  
THE EUROPEAN  
MANAGER**

HOW TO  
IDENTIFY YOUR

**BEST**

BUSINESS  
CUSTOMERS

KICKING OFF A NEW FEATURE

**MANAGER  
ASKS  
EXPERT**

ARTICLES ON 2 BASIC  
MANAGER SKILLS

*Read faster*



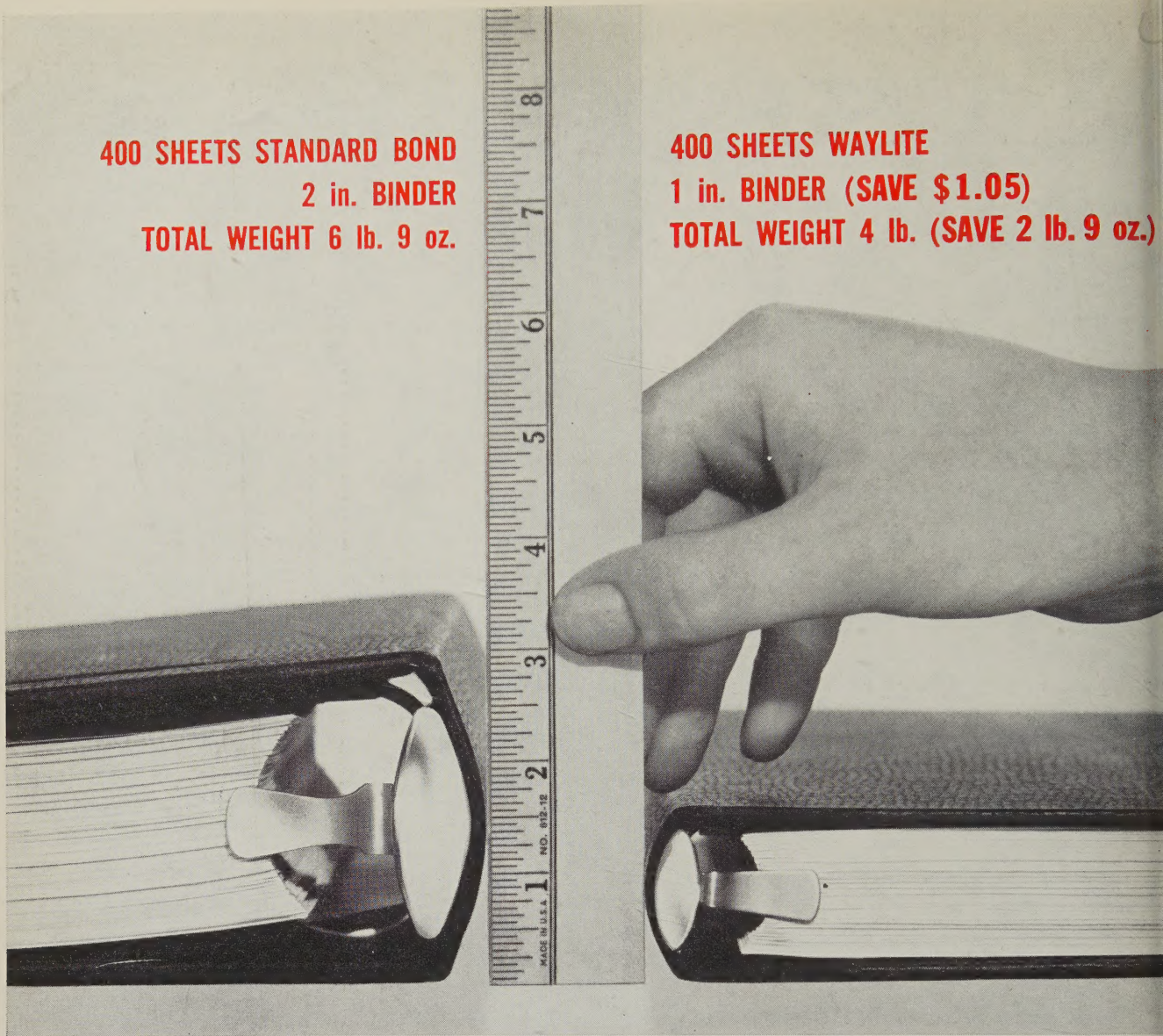
*Write better*

Max Stoffel, an example of the new kind of European manager



**400 SHEETS STANDARD BOND  
2 in. BINDER  
TOTAL WEIGHT 6 lb. 9 oz.**

**400 SHEETS WAYLITE  
1 in. BINDER (SAVE \$1.05)  
TOTAL WEIGHT 4 lb. (SAVE 2 lb. 9 oz.)**



**WEIGH THE FACTS...AND YOU'LL CHOOSE WAYLITE** Show the boss you know how to cut costs without sacrifice of quality—and you're on your way! Here's one good tip: look into WAYLITE Lightweight Papers for your next printing job. WAYLITE gives you lots more finished pieces per pound...and it saves on postage. That's because WAYLITE weighs less, mails for less. In February, 1960, one large firm saved \$4,000 just this way.

As for showthrough—don't worry! WAYLITE Paper has the opacity and brightness of most white paper *twice* its weight.

For jobs that look good and savings that make *you* look good, write us today. You'll get a special WAYLITE Mailing Weight Comparison Chart plus some additional suggestions on ways to make WAYLITE work for you and yours.

Olin Mathieson, Ecusta Paper Products, Pisgah Forest, North Carolina.

**Waylite** LIGHTWEIGHT PAPER

Lightweight  
Yet  
Opaque

Saves  
Weight.  
Postage

Saves  
Space.  
Money



**OLIN MATHIESON**

Packaging Division • Ecusta Paper Products

(Circle number 148 for more information)



## Another big plus for Honeywell Electronic Data Processing Systems



# All new Honeywell printer sets down copy crisp and clean-- at a speed of 900 lines a minute

Printing is the final payoff in business data processing. All the electronic gymnastics and gyrations that go on within the complex equipment can be judged only by the finished product — the payroll check, the invoice, the market report.

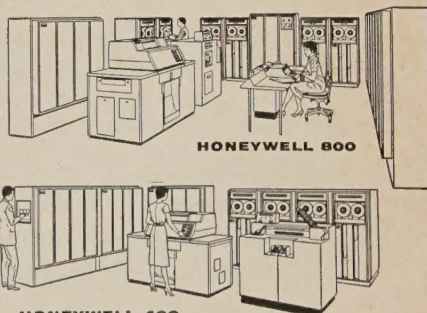
**No ghosting, no smudges.** Blazing fast, accurate, durable and easy to service, the new Honeywell high-speed printer writes a happy ending to every job. Its ultra-fast hammers are self-adjusting for perfect vertical and horizontal alignment. You get no ghosting or smudges with this one! And that goes for each of the five carbons you may need.

**Double your printing speed.** Fast? The new Honeywell printer dashes off copy at a speed of 900 lines a minute. And here's a bonus: its extra-long printing cylinder accommodates forms up to 22 inches wide. This means you can print any forms *two up* (business checks, for example), thus doubling your effective printing speed.

**Built for uninterrupted service.** To make sure this printer will maintain a proper adjustment and alignment indefinitely, Honeywell has built it of age-treat aluminum. All the stresses and strains are removed before machining. Replacements are easy to make, too. No other high-speed printer has so few moving parts, and most of these parts can be replaced within 15 minutes.

(Circle number 140 for more information)

**GET THE FACTS.** To learn more about this printer and the many other advanced features of Honeywell 800 and Honeywell 400, just write Minneapolis-Honeywell, Datamatic Division, Wellesley Hills 81, Massachusetts.



## Honeywell



Electronic Data Processing





## November 1960

|                                                                                                                                                            |    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| How to understand the European manager .....                                                                                                               | 38 |
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| How to write better .....                                                                                                                                  | 43 |
| <i>Many businessmen write pompously in an effort to impress. But the result is only confusion. Follow these guides and start writing better today.</i>     |    |
| How to double or triple your reading speed .....                                                                                                           | 46 |
| <i>You'll chop your reading time in half if you break comfortable old reading habits. Here's how to read faster, and improve your comprehension, too.</i>  |    |
| Manager asks expert .....                                                                                                                                  | 48 |
| <i>Answering actual questions from managers, an expert gives solid solutions to seven key "people problems." This kicks off a new monthly feature.</i>     |    |
| How to identify your best business customers .....                                                                                                         | 52 |
| <i>If you sell to business, read this report carefully. It gives newly uncovered facts about the few firms that buy most of what is sold to business.</i>  |    |
| Why the big swing to air freight? .....                                                                                                                    | 61 |
| <i>New MM research reveals some key facts about air freight: who uses it, how often, and what is shipped. Here are competitive facts you should know.</i>  |    |
| Related—but personalized—offices for an executive team .....                                                                                               | 74 |
| <i>Planned unity is the hallmark of this carefully coordinated group of executive offices. Yet each office bears the distinctive mark of its occupant.</i> |    |

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Coming next month

How to earn 100-cent dollars in foreign markets will be told next month. It's the story of why and how American companies use foreign based corporations. The edited transcript of an interview with an expert on this subject will be presented. You'll learn why a surprising number of American firms have established foreign based corporations in Panama, Switzerland and other countries.

Are Christmas bonuses really morale boosters? Are more firms giving them now—or fewer? Next month, a fact-filled article shows how many firms give bonuses, which employees get them, how much is given out, and why many firms have stopped the practice.

Subscriptions

In United States and Possessions, one year \$5.00; two years \$9.00. Canada and Mexico one year \$6.00. Foreign subscriptions \$10.00. Single copies \$.75. When possible, back issues or tearsheets of articles will be provided. Enclose \$1.00 for each back issue and \$.50 for each back article requested, to cover costs of handling.

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when the occasion



calls for **MOVING...**  
(OVERLAND OR OVERSEAS)



call **United**

Europe . . . South America . . . the Far East . . . wherever your company operates, whatever it moves—families, costly or delicate equipment, displays and exhibits, office furnishings—United's world-wide network of Agents will move it safely, swiftly and dependably.

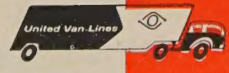
United's "Pre-Planned" service makes moving to the far corners of the earth as easy as moving across town. You're relieved of time-consuming details, assured of safe, "on time" deliveries where and when you want them.

So when the occasion calls for moving . . . call the friendly United Agent (he's listed under "MOVERS" in the Yellow Pages) or write for the colorful booklet describing United's world-wide moving service.



**United  
Van Lines**

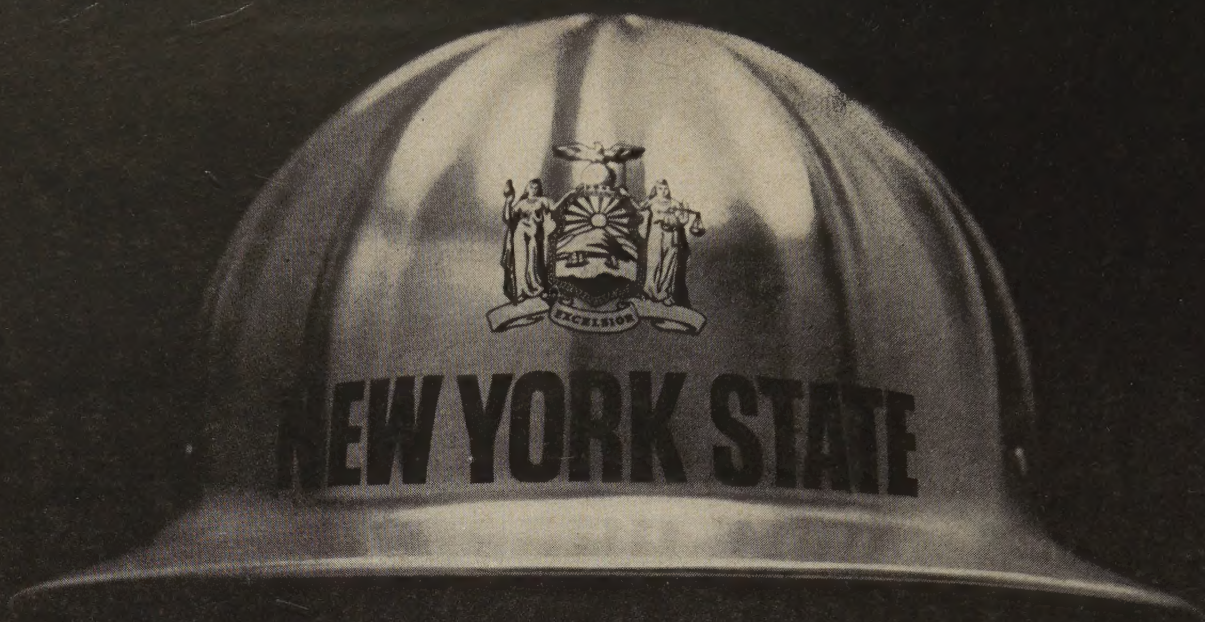
INTERNATIONAL HEADQUARTERS, ST. LOUIS 17, MO.



**MOVING WITH CARE EVERYWHERE®**

(Circle number 162 for more information)





***This  
over head***

***is  
an  
asset***

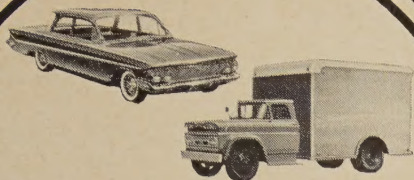
There are piles of facts, figures and forecasts (and we'll be glad to send them to you) that will convince you a New York State location can be one of your business's greatest assets. But to boil it down to a few bold words: New York State offers you the nation's most rewarding business climate to work in . . . grow in . . . succeed in. ■ Much of the credit goes to the "hard-hat" businessman administration Governor Rockefeller has put to work in Albany. It has launched a program that established sound financial policy, tightened the administration of all departments, organized the Advisory Council for Advancement of Industrial Research and Development to speed the accomplishments of science from laboratory to industry and taken other steps to assure continued, rapid business growth in New York State.

We'll compile a report tailored to your specific new plant needs. Write Commissioner Keith S. McHugh, Dept. of Commerce, Room 157, 112 State St., Albany 7, N. Y. (All contact between your office and ours will be kept *under our hat*.)

**GET UP TO DATE ON NEW YORK STATE . . . WHERE  
THEY'RE TALKING THE BUSINESSMAN'S LANGUAGE**

(Circle number 147 for more information)





## Leasing cars or trucks?

Here's a fleet proven plan  
backed by 24 years  
of successful  
experience

250 "Blue Chip" corporations now enjoy lower leasing costs with Wheels "Fleetguard" Service.

### **Fleet**GUARD Financial Strength

— assures lower costs. Wheels has the kind of financial strength that assures lowest cost-of-money. Wheels will buy your present fleet and lease it back to you.

### **Fleet**GUARD Facilities

— assures lower costs. Wheels maintains a national network of over 300 delivery centers for personalized local service to your men at point of use.

### **Fleet**GUARD Administration

— assures lower costs. You get individualized service, providing coordinated data on every vehicle at regular intervals, plus professional guidance on repairs, tires, replacements, etc.

### **Fleet**GUARD Used Car Disposal

— assures lower costs. Wheels national facilities provide highest return on used cars and trucks.

Consult a Wheels man before you sign or renew your car or truck leasing contract. Lease Chevrolet Bel Airs, with Powerglide, or other fine cars and trucks with extra equipment of your choice. Send coupon today for full details and names of other famous firms in your industry now using Wheels Fleetguard Service.

WHEELS, INC.  
6200 N. Western Ave.  
Chicago 45, Illinois

Please send me your booklet on Fleetguard Service.

NAME \_\_\_\_\_

FIRM \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_



# WHEELS

## FleetGUARD

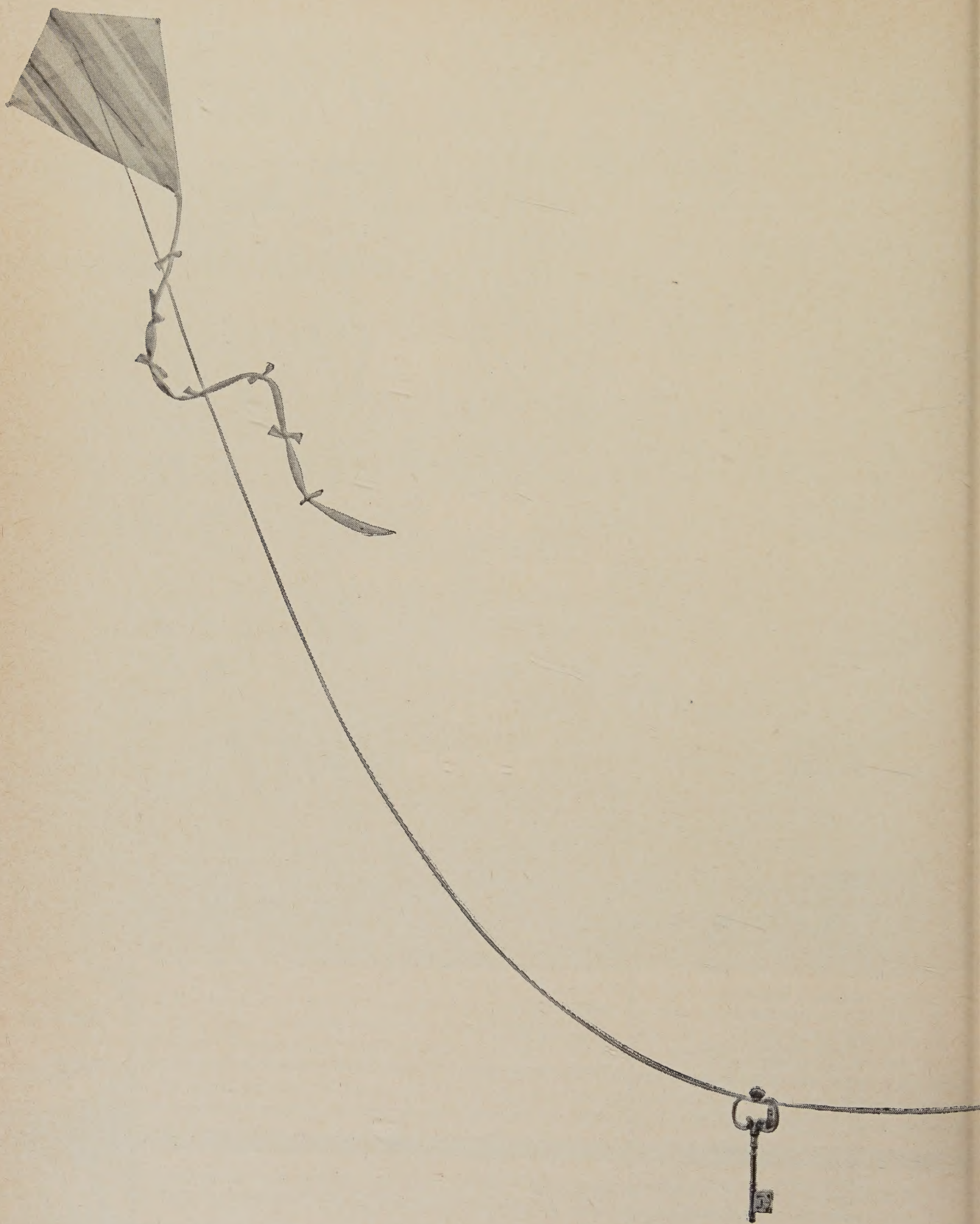
## SERVICE

## ASSURES

## LOWER

## COSTS







*The most  
beautiful,  
exciting new  
typewriter  
since  
typing went electric...  
The New Remington Electric!*

*Outstyles, Outperforms, Outsmarts and  
Outdates Any Other Electric in the Field*

Breathtaking breakthrough into tomorrow! The new Remington Electric heralds a new dawn of typing ease and comfort for secretaries—a new age of impeccable correspondence for letter-signing executives, too. Available in 6 soft pastel colors, this fine performer speedily moves mountains of paperwork. See the new Remington Electric at your local Remington Rand office today!

***Remington Rand***  
DIVISION OF SPERRY RAND CORPORATION

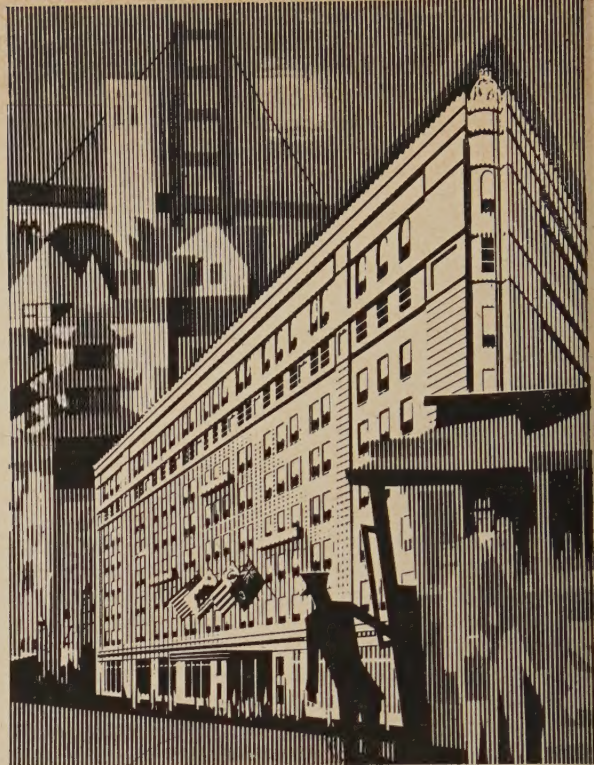


(Circle number 174 for more information)



Have marvelous  
facilities, will arrange  
ideal convention

Wire: Jim Stahlbaum



# Sheraton-Palace Hotel San Francisco

A world-famous hotel located in the heart of one of America's most cosmopolitan cities — what better spot for your next convention. Home of the new Tudor Room at the Palace Corner, the world-famous Pied Piper Bar and the fabled Garden Court, the Sheraton-Palace has been host to Kings and Presidents in its illustrious history. It would be glad to accord the same royal, unexcelled service to your next convention. Facilities are many and flexible — see how they fit your needs:

All in all, the Sheraton-Palace has twenty-one conveniently arranged function rooms with prime exhibit space and equipment, such as public address systems, movie screen and podiums — yours for the asking.

**For further details** write Mr. James Stahlbaum, Sales Manager, Sheraton-Palace, San Francisco or Mr. Paul Mangan, National Convention Manager, Sheraton Hotels, 2660 Connecticut Avenue, NW, Washington, D.C.

## MAIN FLOOR

| Room                                           | Size     | Banquet | Dinner<br>Dance | Meeting |
|------------------------------------------------|----------|---------|-----------------|---------|
| Garden Court<br>(By special<br>arrangement)    | 106 x 58 | 950     | 700             |         |
| Rose Room                                      | 106 x 46 | 500     | 350             | 670     |
| Concert Room<br>(Rose and<br>Concert<br>Rooms) | 88 x 32  | 270     | 170             | 400     |
|                                                |          | (900)   | (600)           |         |
| Gold Ballroom                                  | 96 x 50  | 520     | 380             | 700     |
| Sheraton Grill                                 | 108 x 48 | 500     | 350             | 670     |
| Parlor A                                       | 38 x 22  | 90      |                 | 120     |
| Parlor B                                       | 16 x 22  | 25      |                 | 40      |

## SECOND FLOOR

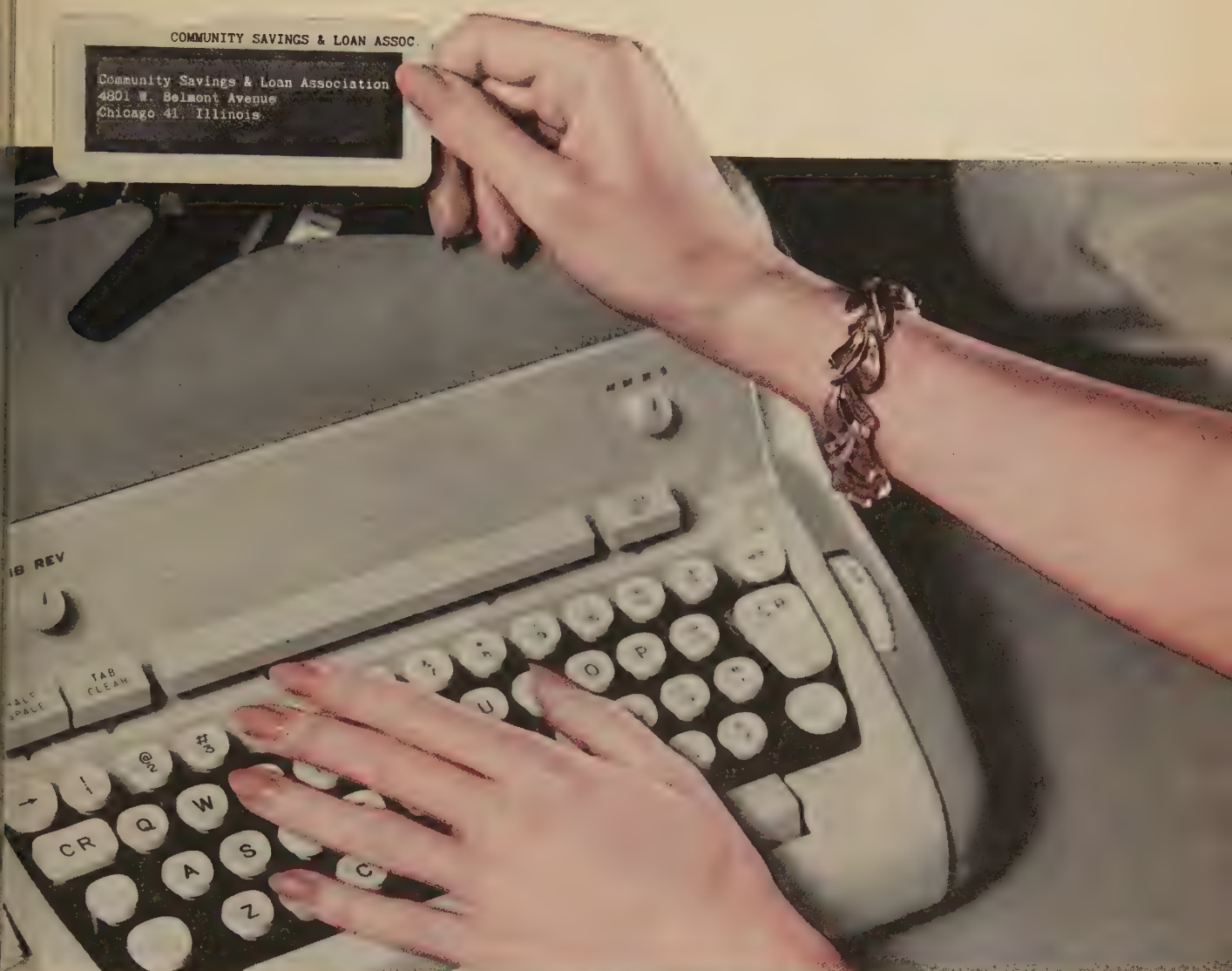
|                          |         |                   |     |     |
|--------------------------|---------|-------------------|-----|-----|
| Comstock                 | 66 x 29 | 190               | 100 | 275 |
| California               | 22 x 40 | 90                | 64  | 126 |
| English                  | 34 x 22 | 50                | 30  | 100 |
| French Parlor            |         |                   |     |     |
| Upper                    | 59 x 21 | 100               |     | 125 |
| Lower                    | 44 x 19 | 90                |     | 100 |
| Royal Suite<br>(260-2-4) |         | 20                |     |     |
|                          |         | Hospitality use — |     | 150 |
| 251                      | 15 x 20 | 20                |     | 46  |
| 253                      | 16 x 18 | 20                |     | 45  |
| 285                      | 46 x 21 | 90                |     | 126 |
| 281                      | 15 x 16 | 14                |     | 20  |
| 256                      | 32 x 14 | 50                |     | 75  |
| 261                      | 14 x 15 | 12                |     | 18  |
| 257                      | 30 x 15 | 45                |     | 75  |

**SHERATON HOTELS** — Coast to coast in the U.S.A., in Hawaii and in Canada

(Circle number 157 for more information)



Anyone  
can type it  
on ANY typewriter...



The Elliott addressing stencil is that easy to make

SEE, YOU DON'T NEED ANY SPECIAL EQUIPMENT to make famous featherlight Elliott addressing stencil — a mere typewriter fills bill. Anyone who can type at all can make these stencils, no fuss, no complications. And they cost only 2½¢ apiece as against the 8¢ of heavy, bulky metal plates. They're so light that whole trays are easy to carry, don't tire the operator. All makes for efficiency. And there's an Elliott addressing system for every size mailing list, from a few hundred to hundreds of millions, a system for addressing small size cards and mammoth broadsides and everything in between.



**WEIGHT** — a whole tray of 125 stencils weighs only 8 ounces.

**MAXIMUM SELECTIVITY:** Your Elliott can automatically imprint specially chosen names for any special job. Hundreds of selective addressings.

**TYPEWRITEABLE** — anyone who can run a typewriter can make Elliott stencils.

# ELLIOTT

35,000,000 Americans moved last year. The Elliott Addressing System easily keeps pace with your ever-changing mailing lists.

Elliott Addressing Machine Company  
143 Albany St., Dept. MM-110, Cambridge, Mass.

Please send me information about the cost-saving Elliott Addressing System suited to my size mailing list, which is.....

Name & Title.....

Company.....

Type of Business.....

Street & No. ....

City..... Zone..... State.....



# Columbia Cleanliness Index

The Cleanliness Index dramatically demonstrates the wide gap in the cleanliness of spirit masters—ranging from the grime and aggravation of ordinary uncoated purple masters to the immaculate performance of Columbia's supercoated, super clean Marathon Blue Ready-Masters.

It could be quite a revelation to find out just how clean your spirit masters really are . . . not only in the preparation, but in the handling and duplicating as well. It could also result in quite a saving in time and money, to say nothing of the improvement of the quality of your duplicating.

Columbia salesmen are anxious to demonstrate these differences at no cost or obligation to you. They'll also be happy to advise the correct master for a job that's particularly troublesome to you. Write for a free demonstration of the Cleanliness Index. Ready-Master Division, Columbia Ribbon & Carbon Mfg. Co., Inc., 10211 Herb Hill Road, Glen Cove, N. Y.



Columbia Research and Development, backed by more than a half century of pioneering leadership, constantly seeks out the ultimate in spirit master cleanliness. The

Marathon Blue Ready-Master is the latest in a long line of key developments in the cause of cleanliness.

**MARATHON BLUE READY-MASTERS**

*Columbia*®

Columbia Ribbon & Carbon Mfg. Co., Inc., Glen Cove, N. Y.,  
Columbia Ribbon & Carbon Pacific Inc., Duarte, Calif.,  
(Circle number 111 for more information)



## Letters

### Soft pedal white collar thievery?

**SIR:** With a publication that is dedicated to better preparing management to meet the needs of today, it indeed seems you are not aware of a fundamental problem to each of us. I am referring to the acute maladjustment between organized labor and white collar workers.

When you encourage advertisements such as accepted from Cummins-Chicago Corp. on page 66, September 1960 (*see cut*) and its

### White Collar Thieves To Take Fifth Of 1960 G.N.P. Net Gain!

One-fifth of the average increase in the Gross National Product will be cancelled out by embezzlements of business employees, according to reports of the Dept. of Commerce and leading crime authorities.

Unfortunately, the continual conversion of more offices to automation opens new opportunities for collar thieves who annual-ly "steal" many firms dis-rupting reuse, sub-stituted creation and that they

| *7 1/2 BILLION                                              |                                                                      |
|-------------------------------------------------------------|----------------------------------------------------------------------|
| Annual<br>G<br>N<br>P<br>Average<br>Gain                    | Based on<br>1 1/4% Annual<br>Increase in<br>Nation's<br>Productivity |
| Annual Loss<br>to Business<br>from White<br>Collar Thieves! | FRAUD<br>LOSS<br>% of G.N.P.<br>Gain Lost<br>To Fraud—20%            |

"White Collar Thieves," to truly understand management you should have realized what this does.

It makes excellent reading at union headquarters, arouses resentment from the vast majority of honest office workers, and hastens the day when this group will seek protection of a large, powerful body to secure a dictatorial attitude when any of its members are affected.

You have too much to offer industry to rely on this sort of thing to sustain circulation.

A. F. KOHNERT  
DISTRICT MANAGER  
CECO STEEL PRODUCTS CORP.  
SAN FRANCISCO

■ *MM asked the Cummins-Chicago Corp. to reply to Mr. Kohnert's*





## **"With the financing plan Heller devised for us, our 'growing pains' stopped, and sales upped 70%"**

*says Ashley Ward Jr., President, Ward Mfg. Co., Cincinnati, makers of Nimrod Campers*

"Next to having too few sales, the great business heart-breaker is having too many. When you must cut your sales to fit your capital, you know you're not profiting as you might, and, worse, you know you're inviting competition," says Mr. Ward.

"I understood how Heller's financial services help a company find sales where none were before. *But our problem was just the reverse.* Our ultimate consumer sales through dealers were seasonal. We couldn't afford to manufacture and distribute the Nimrod Campers pre-season. We simply could not afford to sell our potential sales volume."

"Heller developed a financing plan that fits our needs just as Nimrod Campers fit the vacationer's needs. Among other gains, we quickly increased our sales volume 70% with

Heller, and this only indicates what Heller and we can do from here on."

In most instances, Heller financing service is used to telescope time. Instead of waiting for transactions to conclude, and cash to return the slow way, Heller makes it possible to re-use money rapidly, over and over. More sales volume is generated, and profits multiply. Our clients will tell you that Heller advice on the techniques of using money is often as valuable as the money itself.

For your own information, you should know the latest techniques for using money, outlined in our newest booklet, "Financing Business Action Under Today's Conditions." Why not write for your copy? There's no obligation whatever.

Write Dept. MM-11

## **Walter E. Heller & Company**

103 W. Adams Street, Chicago 90 • 342 Madison Ave., New York 17  
Fulton National Bank Building, Atlanta 3  
Walter E. Heller & Co., of California 849 S. Broadway, Los Angeles 14

*One billion dollars annually  
for industry*



(Circle number 129 for more information)



to help you choose — before you buy or lease\*

## straight talk from *Stenocord*®



The big difference in dictating machines goes far beyond price or convincing sales talk. To make it easier for you to find the machine best suited for your own needs, it will pay you to compare every measurement of quality. Once you judge Stenocord objectively against others, we think you will agree that Stenocord magnetic belt dictation offers best value of all. Only **\$199.50** Plus F.E.T.

|  |                                                                                                                                                         |                                                                                                                                |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
|  | <ul style="list-style-type: none"> <li>• One unit for dictation and transcription.</li> <li>• One button controls every dictating operation.</li> </ul> | <ul style="list-style-type: none"> <li>• One reusable magnetic belt may be used hundreds (even thousands) of times.</li> </ul> |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|

STENOCORD HELPS YOU TO SAY IT BETTER... EASIER.

\*Send coupon today or call your local dealer for full information on the many benefits of Stenocord's new leasing program (arranged through United States Leasing Corporation).

to: Stenocord of America, Inc.,  
29 Broadway  
New York 6, New York  
(BOWling Green 9-1480) or Pacific Instruments Corp.,  
940 North Fairfax Avenue  
Los Angeles 46, Calif.  
(OLDfield 6-0020)

Gentlemen:

Please send the free information which I have checked below.

NAME \_\_\_\_\_  
COMPANY \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_ ZONE \_\_\_\_\_  
STATE \_\_\_\_\_

- ☐ Please send free kit showing how to profitably use leasing to my best advantage.
- ☐ Please send "How To Be A Dictator"—humorous booklet of helpful hints and aids.
- ☐ Have representative arrange 7-Day Free Demonstration in my office.

(Circle number 160 for more information)

letter. Here is the answer of the executive vice president of that firm.

EDITOR

SIR: Thank you for the opportunity to comment on Mr. Kohnert's letter about our September advertisement.

We certainly agree with Mr. Kohnert that publicizing the disturbing increase in employee fraud does little to improve relations between white collar workers and organized labor. But should such information be suppressed for this reason any more than because it is unpleasant to management?

Indisputable statistics (furnished on request) clearly show that the \$1½ billion business fraud loss is cause for alarm but it is as nothing compared to the human loss. When a respected citizen in a position of trust is apprehended in a fraud, his usefulness to his employer, himself, his family and community evaporates. Who shall bear the guilt when such a man, under extreme pressure, is given the opportunity to defraud? Isn't management morally responsible for instituting controls that reduce such opportunities?

It is our sincere conviction (along with that of the major accounting firms, fidelity insurance companies, and other manufacturers of equipment used for control purposes) that the enormity of this problem should be emphasized to management. The use of the simple precautions we offer has protected many firms. It is impossible, however, to prove the importance of controlling paperwork without first proving the existence of what its control prevents.

JOHN E. JONES  
EXECUTIVE VICE PRESIDENT  
CUMMINS-CHICAGO CORP.  
CHICAGO

### Rackets and gyps

SIR: Your article, "How to protect your employees against rackets and gyps," [MM, Oct. '60] was a true public service and should be read by not only every management man but by every worker as well.

Complacency and/or disinterest by manager and employee alike toward the charlatans and gyp artists is in large measure responsible for the success of continued swindles occurring daily throughout the



country. The old refrain "It could never happen to me," or "A sucker deserves what he gets," will in no way deter the con men. More positive action is indeed required, and education on the subject is an effective method.

In our business (pre-employment investigations and rechecks on current employees), we frequently find employee problems stemming from the swindle root. Financial burdens resulting from illegal interest rates, confession of judgment, and the like are reflected in the worker's productivity. Few men can work efficiently with constant money worries. Such worries frequently motivate an otherwise honest worker to engage in theft.

I feel that your article should be circulated and posted where men and women on all levels of employment can be forewarned of the countless swindles to which they might at any time fall prey.

NOEL BATES, PRESIDENT  
BATES ASSOCIATES  
WHITE PLAINS, N.Y.

#### Credit omitted

SIR: The article on business aircraft [*"Is now the time for you to consider a company plane?"*, MM, Oct. '60] has been reviewed.

We enjoy cooperating with editors by providing them with original material on business aircraft. . . .

Since we provided some of the information used in your article, we would have enjoyed having some acknowledgment made by [your] magazine in the story that National Business Aircraft Association is composed of U. S. business and industry owning and operating their own aircraft and that we provide innumerable services for them and their aviation personnel. . . .

WILLIAM K. LAWTON  
EXECUTIVE DIRECTOR  
NATIONAL BUSINESS AIRCRAFT  
ASSOCIATION  
WASHINGTON, D. C.

■ *Usually Management Methods is very careful to give credit to sources that have helped in the preparation of an article. We slipped up this time. A nod, therefore, is due the National Business Aircraft Association.*

EDITOR

## THE WEAKEST LINK IN YOUR CHAIN OF COMMAND IS YOUR OUTSIDE SWITCHBOARD

**DuKANE**  
*strengthens your  
command with*



PRIVATE AUTOMATIC  
TELEPHONE SYSTEMS



FAMOUS FLEXIFONE  
INTERCOMS



PAGING AND PUBLIC  
ADDRESS SYSTEMS



INSPECTION CONTROL  
SYSTEMS



TIME SIGNALS AND  
BACKGROUND MUSIC



A good executive can reach any employee, any time, *right now* . . . not through an outside switchboard, but via modern *internal* communication systems. With DuKane's famed Flexifone intercom, private automatic telephones, public or pocket paging (and other electronic wonders) *the man you want is always there!* Your chain of command is strong.

**DuKANE**  
CORPORATION

*DuKane sound and communication systems are installed and serviced by a nation-wide network of over 300 engineering distributors.*

Dept. MM1108 DuKane Corporation  
St. Charles, Illinois

Send me information on DuKane systems for strengthening our internal communications.

Name \_\_\_\_\_ Please Print

Company \_\_\_\_\_

Address \_\_\_\_\_

City & State \_\_\_\_\_



(Circle number 119 for more information)



# keeping a paperwork program in focus

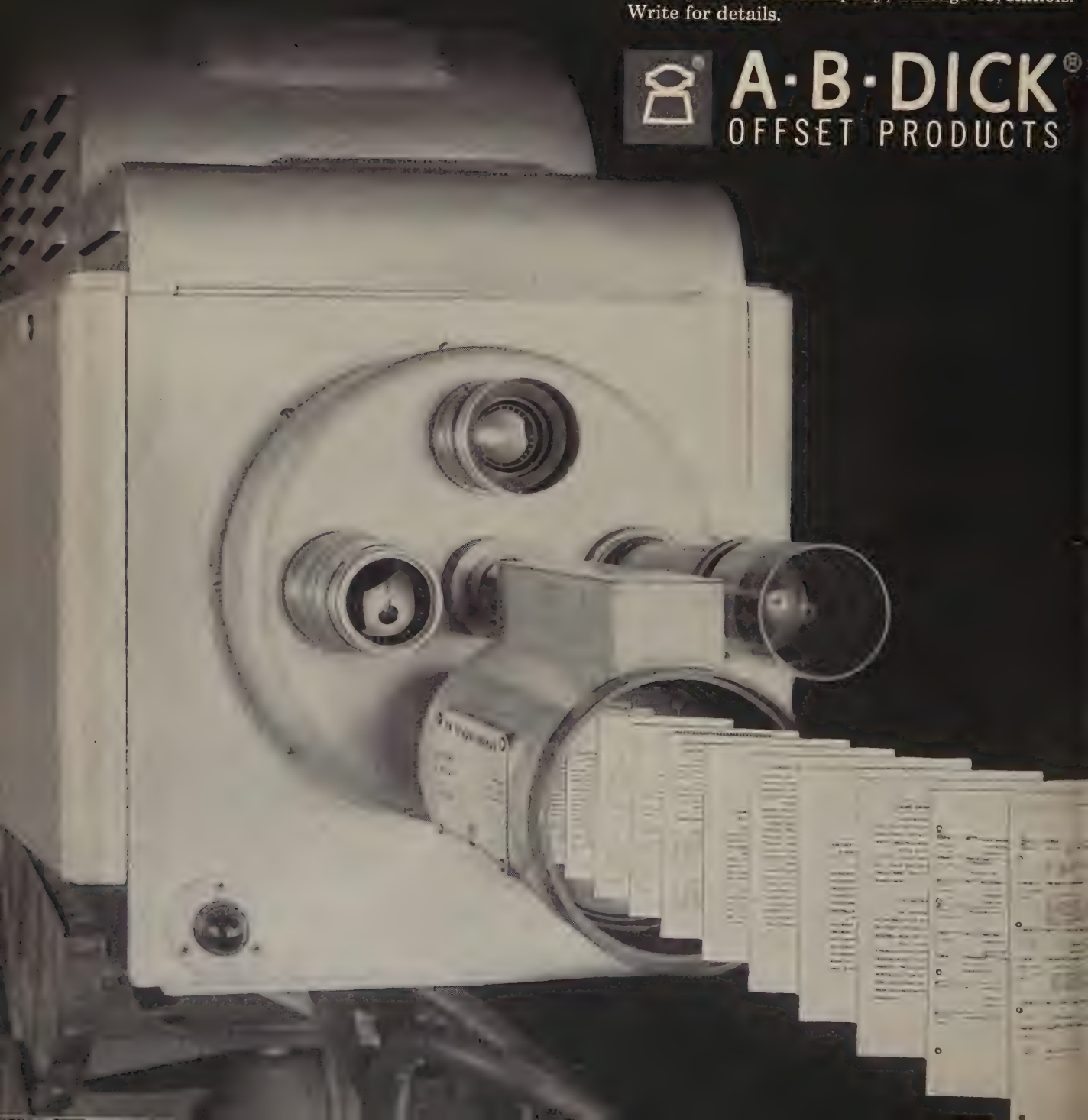
Network program control at National Broadcasting Company is a herculean task—eased greatly by A. B. Dick offset and photocopy duplicating systems.

A case in point is the daily, forty-page NBC program routine—the most important document used by the network. It used to take two full-time typists to meet its deadline. Now, one girl, in less than three hours, enters changes onto a copy of the previous day's schedule, and photocopies this revised schedule directly onto aluminum offset plates. From these, the current day's copies are run off. Re-typing errors have been reduced . . . proofreading eliminated . . . the day's work completed much earlier.

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OFFSET PRODUCTS





# You can't afford not to know what's NEW for YOU in Bell System communications!



*Right now* is a good time to find out.

From Bell System research and development have come startlingly new services and equipment, plus vast improvements in many existing communications. Any profit-minded businessman should know about them.

For example . . . there is a new family of telephones with push-button features that let you hold six-way conferences and take calls on as many as 29 outside, extension or intercom lines.

There are PBX switchboards with greatly increased versatility; advanced teletype equipment; and Data-Phone, a new data-transmission service that enables you to send data over local or

long distance telephone circuits at incredible speeds.

There are private-line services that permit unlimited long distance calling between your home office and outlying plants for a flat monthly rate.

There are "hands-free" telephones, automatic-answering telephones and a host of other important developments. All are designed to save your time, cut your costs, improve your service to customers and otherwise help you operate more profitably.

Whether you're interested in communications from desk to desk, from building to building, or from city to city, the Bell System can serve your every need fully and efficiently.

Make sure you're getting the *most* out of your communications. Just call your Bell Telephone business office and ask to have a Communications Consultant call on you. You'll like what he has to say.

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THIS NATIONAL SYSTEM paid for itself in less than two years.

"Our *National* System  
with Card Punch Coupler  
returns 60% annually  
on our investment!"

—The Cleveland Electric Illuminating Company  
Cleveland, Ohio

"We are impressed with the savings realized from our National System. Elimination of many add-list operations, manual key punching, and verification have made the National 31-W a profitable investment.

"Our Company has gained more than money savings alone. The National Representative carefully helped us select a system which would fit into our Company's accounting operation. He was extremely thorough in his preparations for a smooth installation . . . followed up the installation with helpful suggestions. In short, the National

Representative has done more than sell us a system . . . he showed us how to use this system to its fullest advantage.

"With our National 31-W we have a faster, more accurate, and far more suitable system for data processing."

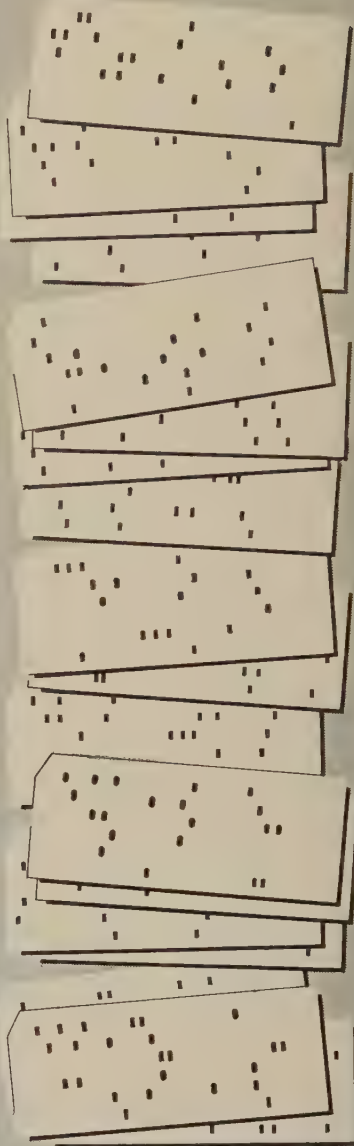
*E. R. Delaney*

Supervisor  
Accounts Payable & Bookkeeping Unit  
General Accounting Department  
The Cleveland Electric Illuminating Co.

**THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio**  
1039 OFFICES IN 121 COUNTRIES • 76 YEARS OF HELPING BUSINESS SAVE MONEY

(Circle number 143 for more information)

The National 31-W, with alphanumeric intercoupler, creates punched cards automatically as a by-product of writing the accounts payable check and preparing the distribution journal.



Your local National representative will be glad to show you this simple approach to efficient data processing. Phone him now — it could be the most profitable call you will make all year.

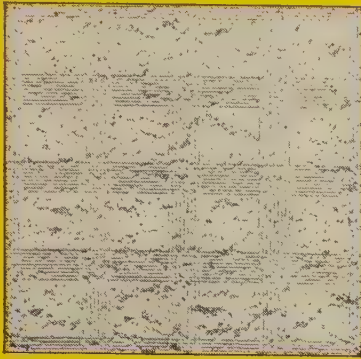
\*TRADE MARK REG. U. S. PAT. OFF.

**National\***

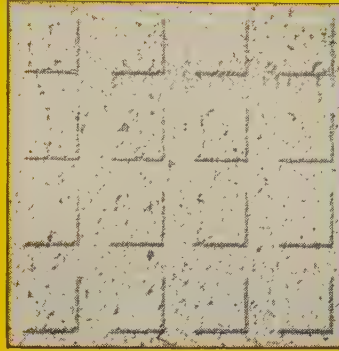
ACCOUNTING MACHINES  
ADDING MACHINES • CASH REGISTERS  
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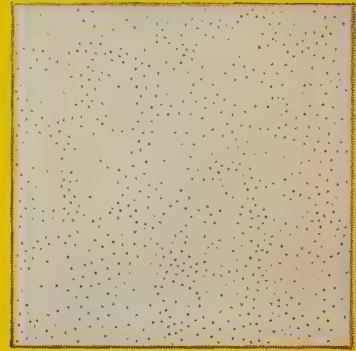
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- A ceiling for every budget
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you get **QUALITY...plus!**



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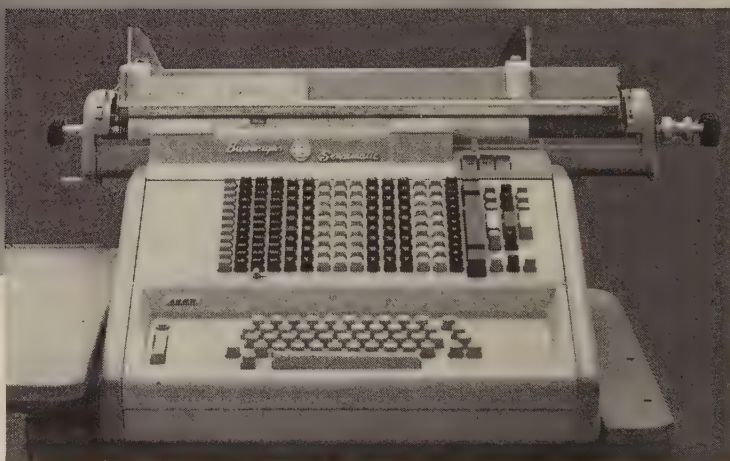
\*Celotex Mineral Fiber Tile listed and labeled by  
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*These are the five famous brands of the United States Shoe Corporation.*



## BURROUGHS TYPING ACCOUNTING EQUIPMENT SAVES 100% OF ITS COST EVERY 9 MONTHS AT UNITED STATES SHOE CORPORATION

**The scene:** The United States Shoe Corporation of Cincinnati, Ohio. **The job:** Accounts Payable. **The equipment:** The Burroughs F-1506 Typing Accounting Machine. **The result:** according to Controller and Assistant Treasurer H. F. Rottinghaus: "Because of its greater speed and work capacity, this equipment saves 100% of its cost every 9 months. Such performance is typical of our other Burroughs machines—including 11 Sensimatic to Punched Tape units now preparing payroll information in our 11 manufacturing plants, and four numerical accounting machines on accounts receivable."

Burroughs and Sensimatic—Typing Accounting Machines

Burroughs automation equipment ranges from accounting machines to complete electronic computer systems. It's supported by outstanding systems knowledge and known for outstanding results. For details, action—and results—call our nearby branch. Or write Burroughs Corporation, Detroit 32, Michigan.



# Burroughs Corporation

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(Circle number 109 for more information)





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**Problem:** To retain Louis XV delicacy in one of the country's most luxurious new dining places, yet to be realistic about constant traffic, soilage.

**Solution:** Variations on a fine old Aubusson pattern, custom loomed in Lees sturdy Hooksett carpet which takes the yarn through the back; and in Lees extra-heavy-duty Duracord carpet which packs 50% more yarn than conventional weaves into the surface of the carpet for a lot more wear.

Peach, peacock blue and brown underlie the quintuple color scheme devised by Interior Designer Robert Perrin, to combine eighteenth century grace with 1960 practicality high in the sky of downtown Pittsburgh. Of the finished installation (made by Wayne-Weil), Mr. Perrin says, "A beautiful job of interpreting my design ideas. Working under a very difficult time schedule, Lees provided patterns, texture, colors that were precisely what I needed—on time!" *Another reason why decorators, architects and contractors specify Lees!*

Write now, while you're planning, for the name of the Lees Commercial Specialist nearest you and for your free brochure. Commercial Dept., James Lees & Sons Company, Bridgeport, Pennsylvania.

Those heavenly carpets by *Lees*®



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### ▼ **Five-minute forms check list**

A quick and easy guide to preparation of efficient forms has been prepared by Hammermill Paper Co.

It can be used to evaluate both new and old forms.

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How progressive management can profit by air freight is presented in a new 16-page booklet offered by American Airlines.

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Versatile metal office furniture is illustrated in full color in a 24-page catalog offered by All-Steel Equipment, Inc.

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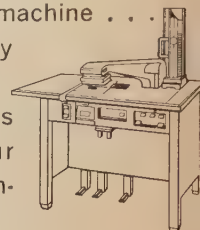
## CUTTING COSTS IS OUR BUSINESS

# Picture how "Joe Smith" looks to your payroll department

For every individual on a weekly payroll, employee data must be written an average of 240 times a year on all kinds of forms and records. Actual surveys reveal that at least 67% of this writing is repetitive!

Addressograph Methods automate this burdensome, costly payroll writing job for you. Just record alphabetic and figure data for each employee on a low-cost Addressograph plate. Then process any check, form or record on an Addressograph machine . . . speedily, accurately, automatically . . . using all or any portion of the data.

Let us demonstrate how Addressograph Methods cut costs of payroll record writing. Contact your nearby Addressograph office, or write Addressograph-Multigraph Corporation, Cleveland 17, Ohio.

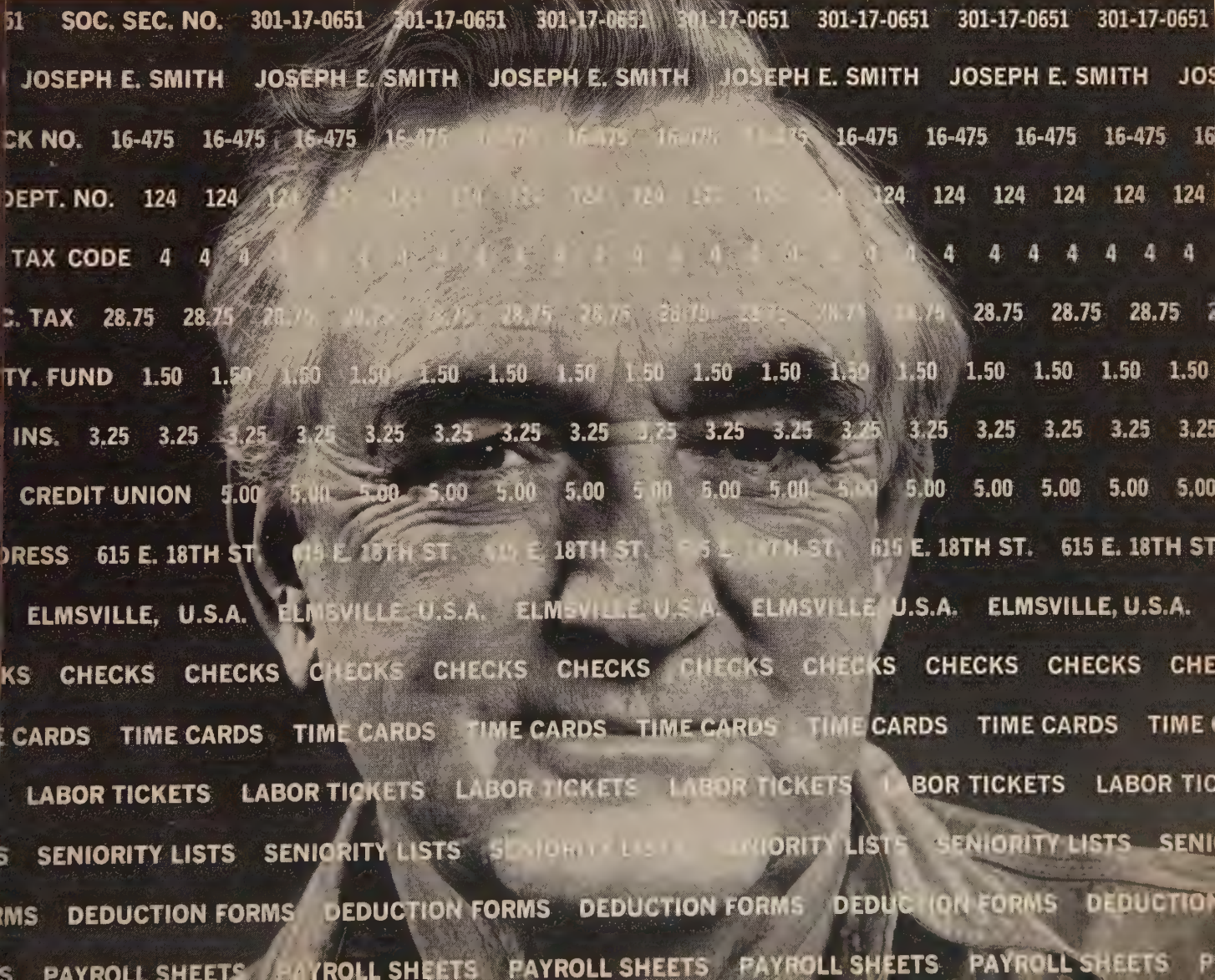


## Addressograph-Multigraph

SERVING SMALL BUSINESS • BIG BUSINESS • EVERY BUSINESS

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\*Trade-Mark







# Today's low-cost way to automate your job costing is with Keysort Data Processing

For strict job costing controls at every stage of operation—for any number of up-to-the-minute management reports in such areas as inventory, order and sales analysis, labor costing—Keysort is the data processing system to use.

The reasons are many. No restrictive procedures; minimum training; remarkable economy; simplicity of installation and operation.

Keysort, in fact, is the only automated data processing system flexible enough to fit your business as it stands *and* as it grows. It is the one system adaptable and affordable to companies of every size.

With Keysort you use punched cards—mechanically created for fast, easy sorting. Figures are automatically

tabulated and results summarized direct to reports without transcribing.

Result: Keysort automates your data processing to give you the meaningful on-time information you need for complete control of your business and profits. Monthly, weekly, daily. And at truly low cost.

Your nearby Royal McBee Data Processing Systems Representative has had a wealth of experience in solving management control problems. Working with you, with your systems and procedures experts, he can offer helpful advice about a low-cost Keysort system tailored to your individual requirements. Call him, or write us at Port Chester, N. Y. — indicating the applications in which you are interested—and we will be happy to send you actual case histories from our files.

**ROYAL MCBEE** • *data processing division*  
**NEW CONCEPTS IN PRACTICAL OFFICE AUTOMATION**

(Circle number 154 for more information)





DO YOU KNOW THE LAW ON

## Product defects

To whom is the manufacturer liable?

**The question**—Is a manufacturer liable to other than an immediate purchaser for defects in his products?

**The answer**—The manufacturer is liable for negligence to those injured by defects in his products. It does not matter whether they have purchased the article direct from the manufacturer or from a retailer or distributor.

**Case one**—Nine actions for damages were brought against a large rubber manufacturer by purchasers of boots, for injuries they had suffered through negligence in the manufacture of these articles. The boots had been sold by the manufacturer to retailers and jobbers and the purchasers who had brought these actions had neither bought the boots from nor had any contract relations with the manufacturer.

In holding the manufacturer liable to these victims, the Federal court said, "Permitting a manufacturer's liability for negligence to a remote consumer of the product, to depend upon the principles of the law of negligence is more productive of justice in the Twentieth Century society in which we live today than is the old Nineteenth Century rule which made the manufacturer's liability depend upon privity of contract."

"The latter rule was formulated in 1842 and may have been appropriate at that time in a society where our modern methods of mass production and distribution of products were unknown, where in most instances the customer dealt directly with the manufacturer and the products purchased were generally simple and as susceptible to inspection and understanding by the purchaser and the retailer, as to the manufacturer."

"Today, however, in our society of mass production and distribution, manufacturing processes are far more complex, defects in a product caused by negligence may be highly dangerous to life and limb, no matter what the product is and yet not be discernible to either the retailer or the consumer."

"The purpose which the article, if perfected, is intended to accomplish is immaterial. The important thing is the harm which it is likely to do if it is imperfect. Then, too, modern mass product manufacturers produce their products with the ultimate user in mind. These products are not produced for the use of



New HOWE Mobil-Matic "12" folds and rolls away in 3 seconds.

## 3 seconds ago this conference room did not exist!

You, too, can make a conference room appear or disappear this quickly. All you need is this new HOWE folding table and a little floor space.

Ever increasing costs and constantly changing needs have turned many efficiency-minded firms to multi-purpose space use.

The new HOWE folding conference table, the Mobil-Matic "12," was designed with this in mind. The Mobil-Matic "12" is functional in every detail. It seats 14 comfortably. The counter-balanced spring tension and synchronized action of its patented understructure make it easy and safe to open or fold in just 3 seconds. Folded, the Mobil-Matic "12" is rolled away smoothly on 4" swivel casters. Because it measures just 14" folded, it stores against the wall, barely protrudes into the room.

For all its functionalism, the HOWE Mobil-Matic "12" sacrifices nothing in the good looks department. Its top and edge are marproof, patterned Formica. (For those who prefer, an anodized aluminum-edge model is also available.)

To keep the unit bright and fresh-looking, the entire understructure is plated with rustproof Cadmium.

Custom Division

**HOWE FOLDING FURNITURE, INC.**

1 PARK AVENUE, NEW YORK 16, N.Y.

**FREE!** Just fill in and mail the handy coupon and you'll be sent illustrated literature free on the Mobil-Matic "12" and other HOWE folding tables. Act now.



MM-110

Name \_\_\_\_\_

Firm \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

(Circle number 132 for more information)





Leading industrialists are using . . .



# Rhode Island's 100% FINANCING PLAN

## For Plant Expansion Without Capital Investment



Rhode Island's unique 100% Lease-Purchase Financing Plan has been in operation since January 1959. During this relatively short period of time nearly 11 million dollars in new plant construction has been approved and guaranteed by the State of Rhode Island.

These plants represent over 1,270,000 square feet of new manufacturing space, now either completed and in operation or currently under construction. This is positive proof that industry management considers Rhode Island's 100% Financing Plan to be practical, workable and financially sound.

We invite your consideration of Rhode Island as a location for your new plant or branch operation. Excellent sites and building shells are available — and of course, Rhode Island's 100% Financing Plan is available to you for immediate expansion.

*Write for new 100% Financing  
Plan booklet and complete details.*

*\*Names proudly given on request!*

## Rhode Island Development Council

108 Roger Williams Building,  
Hayes Street, Providence, Rhode Island

(Circle number 175 for more information)

the jobber or retailer who may be in privity with the manufacturer.

"In this case, for instance, the manufacturer may not have had these particular purchasers in mind in the production of these rubber boots but certainly the class of persons to which these persons belong—miners—were in the contemplation of the manufacturer and the manufacturer owed to that class of persons, whom they knew would use its product, the duty not to injure them by negligence in manufacturing the boots.

"This duty arises, not out of contract but out of the general human duty not to injure another through disregard of his safety.

"Unless all of the elements of negligence combine—duty, breach of duty, foreseeability, proximate cause, lack of intervention of intervening causes, lack of contributory negligence—under the law of negligence there will be no recovery against the manufacturer."

*Larson v. United States Rubber Co., 163 F.S. 327, June 20, 1958.*

**Case two**—At a retail store in Oklahoma, a customer shopping for furniture sat in a chair on display. The chair collapsed and the customer was injured by her fall to the floor. In sustaining the contention of the victim that the manufacturer of the chair was liable for these injuries, the Federal court said: "Where a manufacturer with information before him of the nature of the use to which an article manufactured by him is to be put and from the nature of such use must know that if the article when put to such use, if defective, will be imminently dangerous to persons who he knows must come in contact therewith, a duty rests upon such manufacturer to use ordinary care to ascertain the condition of the article . . ."

"If he fail to exercise ordinary care in this regard and as a result sells the article in a defective condition, he is liable for personal injuries to that class of persons who must necessarily come in contact with such article and liability is not limited to those with whom the manufacturer contracts."

*Champlin v. Oklahoma Furniture Mfg. Co., 269 Fed. 2d 918 August 7, 1959.*

**Case three**—At the AiResearch plant in California, a workman was injured when a two inch, rubber banded abrasive wheel "blew up" in his face. His employer had bought a hundred of these wheels.

The court ruled the manufacturer of the abrasive wheels was liable.

"Where by reason of its nature the article sold is commonly recognized as intrinsically dangerous to life and property, if the seller without notice of their dangerous or noxious qualities delivers them to a customer or to a carrier who is ignorant of these properties, he is liable not only to him but to others to whom, while in the exercise of reasonable care, they are the proximate cause of injury.

"A seller's liability exists where a manufacturer knowingly sells for general use without disclosing the existence of the defect, a machine, mechanical instrumentality or other article which, because of its defective . . . condition when put out, causes injury."

*Peterson v. Lamb Rubber Co., 343 Pac. 2d 261 August 28, 1959.*



Spirit or  
offset masters  
in 15 seconds  
or less

# ...with new Ditto Masterfax!

BRAND

MASTERFAX, the 4-jobs-in-1 machine, gives you faster, cleaner, more economical masters. Here's how! (1) It makes spirit masters from almost any original—typing, drawing, writing, letters, newspaper clippings, business forms—in less than 15 seconds. Since *no carbon is used in making the original*, typists and artists can work without error-worry. (2) It makes paper offset masters in 15 seconds or less, for less than 4¢ each. High-quality, long runs are obtainable from one original; it remains unchanged . . . may be used many times. (3) In addition, MASTERFAX makes low-cost, one-step, dry-process facsimiles from almost any original; newspaper, letterhead, business form. Also copies any image on MASTERFAX paper on any weight or grade of paper—even cloth. (4) *Bonus Extra!* MASTERFAX also laminates important papers for lifetime protection. For full details and demonstration, call your local DITTO Sales Representative, or mail the coupon!



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(Circle number 117 for more information)

## DITTO, INC.

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Without obligation, please

- ☐ Send additional information on the new MASTERFAX.
- ☐ Arrange a MASTERFAX demonstration for my office

Name, Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_



# chief executives (indians too!)



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No other posture chair gives you such complete *satisfaction*! With Cramer chairs in YOUR teepee, your tribe will turn out MORE work—because Cramer chairs mean good posture. They help fight fatigue; they promote speed, accuracy and they pay for themselves over and over in low maintenance and increased worker output.

*Be sure YOU are Backed by the Best*

Write for Complete Details  
*Cramer* POSTURE CHAIR COMPANY, INC.

625 ADAMS STREET • DEPT. MM-11 • KANSAS CITY, KANSAS

(Circle number 114 for more information)



# CONDENSED BALANCE SHEET

December 31, 1960

## CURRENT ASSETS

|                       |              |
|-----------------------|--------------|
| Cash                  | \$26,762,826 |
| Temporary Investments | 6,481,750    |
| Receivables           | 54,718,640   |
| Inventories           | 64,959,465   |
| Prepayments           | 1,860,725    |

## TOTAL CURRENT ASSETS

|                       |           |
|-----------------------|-----------|
| Long Term Investments | \$154,780 |
| Plant and Equipment   | 30,751    |
| Goodwill              | 74,251    |

\$154,780

30,751

74,251

\$259,789

## LIABILITIES

### CURRENT LIABILITIES

|                  |              |
|------------------|--------------|
| Notes Payable    | \$ 9,153,509 |
| Accounts Payable | 16,355,127   |
| Accruals         | 8,215,650    |
| Prepaid Income   | 9,948,956    |

### TOTAL CURRENT LIABILITIES

#### Fixed Liabilities

\$ 43,671

82,621

\$126,296

### TOTAL LIABILITIES

|         |               |
|---------|---------------|
| Capital | \$100,000,000 |
| Surplus | 33,492,533    |

### CAPITAL AND SURPLUS

\$133,492

\$259,789

### RATIOS

|                                            |           |
|--------------------------------------------|-----------|
| Current assets to current liabilities      | 3.54 to 1 |
| Total liquid assets to current liabilities | 2.01 to 1 |
| Capital and surplus to total assets        | .51 to 1  |

1 5 4 7 8 3 4 0 6  
4 3 6 7 3 2 4 2

2 6 7 6 2 8 2 6  
6 4 8 1 7 5 0  
5 4 7 1 8 6 4 0  
8 7 9 6 3 2 1 6 \*

8 7 9 6 3 2 1 6  
4 3 6 7 3 2 4 2

1 7 9 9 9 5 8 \*

1 3 3 4 9 2 5 3 3  
2 5 9 7 8 9 2 8 1

9 9 9 9 9 6 9 \*

## Tape on a report!

*Convincing way to substantiate facts with clearly printed proof*

The exclusive control key on the Remington Rand "99" Calculator makes it possible. It eliminates confusing figures, makes operation simpler. Result: a printed tape with answers anyone can understand. Another outstanding development from Remington Rand . . . pioneer of the electronic computer and other leading machines for business. For complete information, call your nearest Remington Rand office or write: Room 110-MM, Remington Rand, 315 Park Ave. South, N.Y. 10.



**Remington Rand**

DIVISION OF SPERRY RAND CORPORATION

(Circle number 153 for more information)

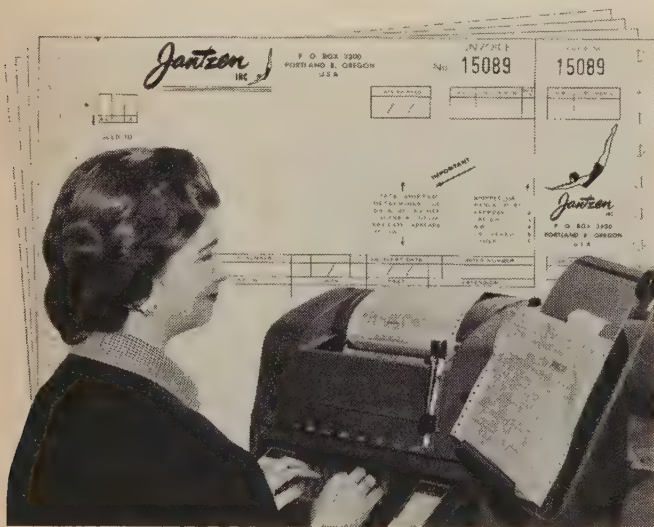


# "Moore forms help us speed invoice data from Shipping to Billing"



KENNETH C. SMITH,  
*Vice President and Treasurer, Jantzen, Inc.*

**Automated control of paperwork** in Jantzen's new invoice system has made savings possible for this manufacturer of men's and women's swim suits and sportswear. Now communication between departments is



faster, several manual steps have been eliminated, and the chance of human error has been minimized.

**Punched cards** containing order information are processed in the Portland, Ore., tab department. Electric accounting machines convert the cards to a printed

shipping order on a special one-part form. The order goes to the shipping center in Vancouver, Wash., nine miles away. There a packing memo is written on a teletypewriter, which produces a punched by-product tape. The memo is sight checked against the order as another control, and the tape is used to transmit the data to the Billing Dept. in Portland, where it appears as a duplicate tape.

**The transmission** also activates three 'slave' units which automatically print the labels, express receipts, and bills of lading that are needed. In the Billing Dept., the duplicate tape is converted to punched cards, used to print the complete invoice. Throughout the system Moore Speediflo is the form used—the company's control in print.

"We relied on the Moore man's knowledge of system and form design to give us the controls we needed," said Kenneth C. Smith, Vice President and Treasurer of Jantzen, Inc. For details on how the Moore man can help you, get in touch with the nearest Moore office.

MOORE BUSINESS FORMS, INC., Niagara Falls, N. Y.; Denton, Texas; Emeryville, Calif. *Over 300 offices and factories throughout the U. S., Canada, Mexico, Cuba, Caribbean and Central America.*

Build control with

# MOORE BUSINESS FORMS

(Circle number 141 for more information)







Clip out and route to:

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# Workshop for Management

PRACTICAL IDEAS YOU CAN USE RIGHT NOW!

## MORALE BOOSTERS

### MARK EMPLOYEES' JOB ANNIVERSARIES

■ WORKERS at Sweden Freezer Manufacturing Co. look forward each year to the anniversary of the date they joined the firm. That's



the day President H. F. Swenson sends each celebrant in its Seattle and Columbus plants a floral tribute.

Orchids go to each woman employee, while men's anniversaries are remembered with a rosebush.

To further mark the event, the number of years served by each individual are publicized in the company house organ.

## SAFETY INSURERS

### PROMOTE HIGHWAY SAFETY

■ EACH SEPTEMBER when school opens, Dairylea intensifies its drive for safety on the highways. The program is double pronged—aimed at both drivers and children. Business benefits are twofold, too. Not

only does the safety drive cut the toll of accidents, but it cements community relations.

Although the brunt of the responsibility lies with the driver, Dairylea makes every effort to impress upon children the need for caution.

Concentrated in the back-to-school period, safety messages are repeated in newspapers and on the radio.

Full color picture posters carry the safety warnings wherever the firm's several hundred trucks travel.

Routemen distribute a free combination bookmark and ruler to children. The useful gift is an everyday reminder to students with its list of nine important walking and bike-riding safety rules.

During the safety emphasis program, letters from Dairylea branch managers also enlist the help of civic groups in helping cut down on needless accidents and fatalities.

## PROBLEM STOPPERS

### GUARD YOUR DISCIPLINE RIGHTS

■ IS YOUR FIRM ONE of the many that is slowly but surely losing its grip on the right to discipline employees?

According to *Industrial Relations News*, this is now happening to many non-union as well as organized companies across the nation.

Alert managements can take concrete steps to halt this creeping erosion of their right to discipline.



For instance, one large utility insists that executives actively and vigorously enforce company discipline policies. To insure flexibility, no written rules are issued. But foremen and line supervisors are briefed periodically in group meetings on the unwritten policies.

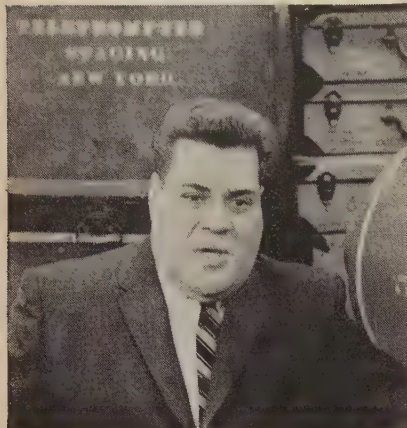
Absenteeism, a chronic discipline problem in many companies, is no longer a headache at the American Institute of Certified Public Accountants. This New York office, employing 140 people, grants a paid day off to every employee who works three consecutive months without an absence. Using a "carrot instead of a stick," says Personnel Manager Elizabeth Brooks, serves two purposes. It encourages chronic absentees to improve their attendance records, and rewards the conscientious employee with a customarily good record.

Here are suggestions, made by IRN, to help insure your management's right to manage.

- Make rules realistic, reasonable—in tune with the times.
- Tone down the language of your rules.
- Resist making exceptions to rule enforcement.
- Don't permit a rule to be violated "at the edges." If you grant work-



# "Because we've got to be on camera, on cue we use Delta Air Freight"



TelePrompTer Corp., New York, produces closed-circuit TV programs nationwide, ships special electronic projection equipment by air, relying heavily on Delta's scheduled Air Freight service.

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ers five minutes to clean up, don't let them start quitting six minutes, then seven minutes early.

## CHECK UP ON ACCURACY OF VERBAL COMMUNICATION

■ HERE'S A DO-IT-YOURSELF way to convince people in your company that written communications are sometimes necessary. The simple check-up trick is suggested by Western Girl, Inc., San Francisco temporary help agency.

The test is patterned after a common party game called Gossip, where an original story becomes



almost unrecognizable when whispered and re-whispered to a series of people.

Have an executive issue a rather long verbal communication to an assistant, with instructions to pass it along in the same manner down the office echelon. Then have the last person on the list transmit the message as he remembers it to the originator.

You—and your employees—may be in for a surprise on how garbled the verbal communication becomes as it travels the grapevine.

## SALES BUILDERS

### LET PROSPECTS PROVE EASE OF OPERATION

■ IF YOUR PRODUCT is really easy to use or install, why not encourage prospects to prove it for themselves?

Here is one case of such dramatic self demonstration. Producto Machine Co. introduced Quik-Fit guide pins that simplified die-set assembly from a tricky, laborious job to a simple snap—so simple, Executive Vice President Phil Mar-silius decided anyone could do it with his eyes shut.

That thought sparked an idea for a convincing demonstration of its ease of use. Visitors at the Machine Tool Show were invited to take the Quik-Fit blindfold test. Everyone who tried the assembly test passed. Each received a button stating, "I passed the blindfold test." Further mileage was realized from the prove-it-yourself idea by suggesting it in the firm's advertising.

## PROFIT MAKERS

### DON'T BE TOO EASY GOING

■ SOME EXECUTIVES are so concerned with being well liked that they lose out on gaining respect from their subordinates.

It takes a certain amount of iron to be a good leader. It takes firmness to be a capable executive.

Your answers to these questions will indicate whether you are too soft in your relations with staff members.

☐ Do you depend chiefly on coaxing and persuasion to get your men to do their jobs?

☐ Do you procrastinate when it comes to reprimanding a worker?

☐ Do you tighten up inside when you have to give an order?

☐ Do you lavish praise on everyone, even when he is just doing passing work?

☐ Do you tend to rate all your employees in the better grades when writing merit rating reports?

☐ Are you afraid to say "NO"?

☐ Do you say you agree in a discussion—even when you do not agree—just to avoid an argument?

☐ Do you give in easily?

☐ Do you worry a good deal about whether people like you?

☐ Do you overlook shortcomings in a man's work or attitude rather than call it to his attention?

If you answered "yes" to many of these questions, Personnel Consult-





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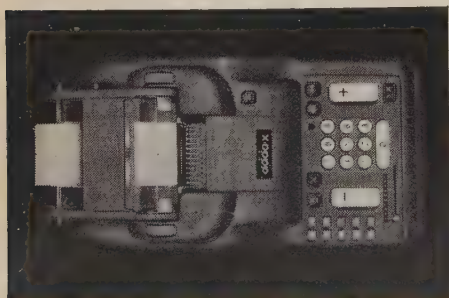


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ant Arthur R. Pell warns you are too easy going or too concerned with personal popularity.

Tighten up. Be forceful. Be fair but not lax with workers.

## EFFICIENCY HINTS

### TAKE THESE STEPS BEFORE FILLING TOP POSTS

■ "NAIVE EXECUTIVE HIRING practices cost companies tens of thousands of dollars a year."

This figure, President Edwin B. Conley of Conley Associates, Inc., explains, represents waste salary paid to poor performers hired and does not count the financial and psychological damage the inferior executive can do to the firm.

To minimize mistakes made in hiring, President Conley suggests companies take these steps before they hunt for a candidate for a top management post:

1. Prepare a detailed job description and organization chart. Find out why the job is open, what the job's real requirements are, and what specialized knowledge is needed for it.

2. Determine what you are prepared to pay, always remembering that you only get what you pay for and that high powered men don't come for one-horse salaries.

3. Get ready to meet candidates. Keep the number of men who will interview them down to a minimum.

4. Prepare to probe deeply into personality as well as background. Avoid the man who's been so "steady" that he's made no solid progress.

## GIFT GIVING

### ESTABLISH RAPPORT WITH THOUGHTFUL GIFTS

■ A LARGE MAJORITY of companies settle for run-of-the-mill business gifts. A few use imagination in making their selections.

You can pull your gift out of the ordinary classification by making



psychologically correct. Make your choice reflect or flatter the personality of the recipient. These ideas, any suggested by Dr. Ernest Dichter, president of the Institute of Motivational Research, will help insure that your gift will be appropriate and appreciated.

**Add an air of discovery.** Not readily available items create the impression that the donor has gone to his way to procure the gift. One-of-a-kind items, limited or autographed editions, new designs or models not yet widely distributed, gift with a history, collector items, unusual imports—all impart the feeling of uniqueness.

**Accent cultural tone.** Where intimate gifts are out-of-order, impersonal but cultural gifts have psychological value. Rare books, unusual records, original paintings all carry implied compliments to the recipient.

**Depart from the routine.** Often a slight twist can make a mighty difference in the pleasure your gift creates. For instance, one executive said, "Everyone I knew received a turkey last Christmas," but he added with glee, "X Corp. sent me a beautiful goose. The children never had goose before. They loved it."

**Benefit others.** Neutralize your gift from any breath of bribery move by buying it from a worthy organization. As an example, charming handmade gifts from the Lighthouse for the Blind benefit both the handicapped and the recipient.

**Give to charity in person's name.** Many businesses have turned to giving checks, food, or merchandise to charitable causes. A card or letter informs the individual that the contribution is being made in his name. Some firms allow the "giver" to designate his favorite charity.

**Widen individual's interest.** A connoisseur selection may open up new horizons or hobbies for the recipient. For instance, one sales manager welcomed a gift of 12 bottles of fine French wine. With it came a monograph on wine varieties. This present started him on forming his own little "cellar."

**Acknowledge a personal event.** So-called personal gifts—wallets, humidors and the like—have become standard business gifts. Psychologically, personal gifts are in



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The vast and varied Equipto line offers the widest selection of capacities and combinations ever built into drawer storage units. They include everything from simple 2 drawer units to the large 7' high multi-drawer combination shown above. They are of heavy duty construction and not to be confused with other units on the market. Different types of interchangeable drawers permit thousands of arrangements within the units to satisfy your needs—up to 6,184 drawer compartments in only 3 sq. ft. of floor space.

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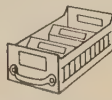
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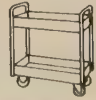
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LOCKERS



EQUIPTO ROBE



STOCK CARTS



EQUIPTO ANGLE

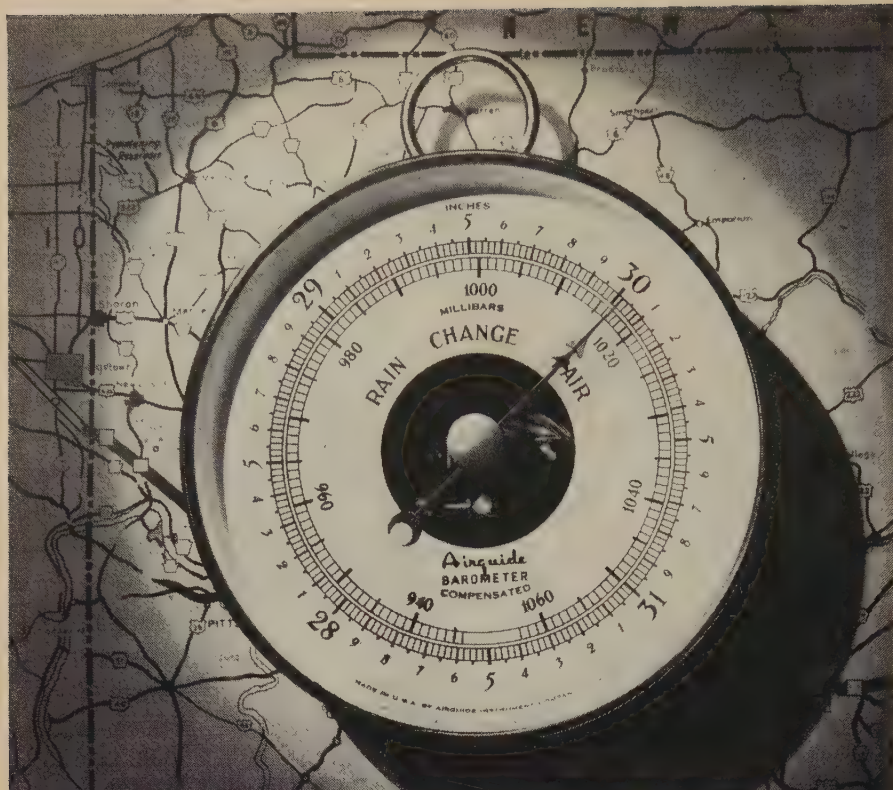
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Company \_\_\_\_\_

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City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

(Circle number 163 for more information)

actuality occasion gifts. Has the recipient just bought a house? Send him a weather vane, painted porcelain door knobs, an interesting doorknocker. Is he a new boat owner? Consider a chronometer or a marine radio.

**Avoid callousness.** Some people on your gift list may be preoccupied with misfortune or sorrow. Christmas time. Is the recipient a child sick? Send a nice toy or open a bank account in the child's name. If death has occurred in the family, send a rosebush or houseplant, a Bible or an inspirational book.

**Give out-of-season.** Your gift automatically receives a measure of comparison, even surfeit, when presented in traditional gift giving seasons. There's no law against choosing another date or event to commemorate with gifts. As a random suggestion, why not surprise folks on your list with a deluxe bound history of America, a nylon flag, a filled picnic hamper on the Fourth of July. Or find out each individual's birth date and send monogrammed stationery or a handsome house marker for his lawn or mailbox.

## OFFER INDIVIDUALS A CHOICE OF GIFTS

■ WHEN A PERSON RECEIVES duplicates—or even triplicates—of a gift, it lessens its value and usefulness. Or if the item is something he can't use or doesn't like, your gift is received with little or no pleasure.

There's a simple way out of this dilemma. Let the individuals on your list select their own gifts.

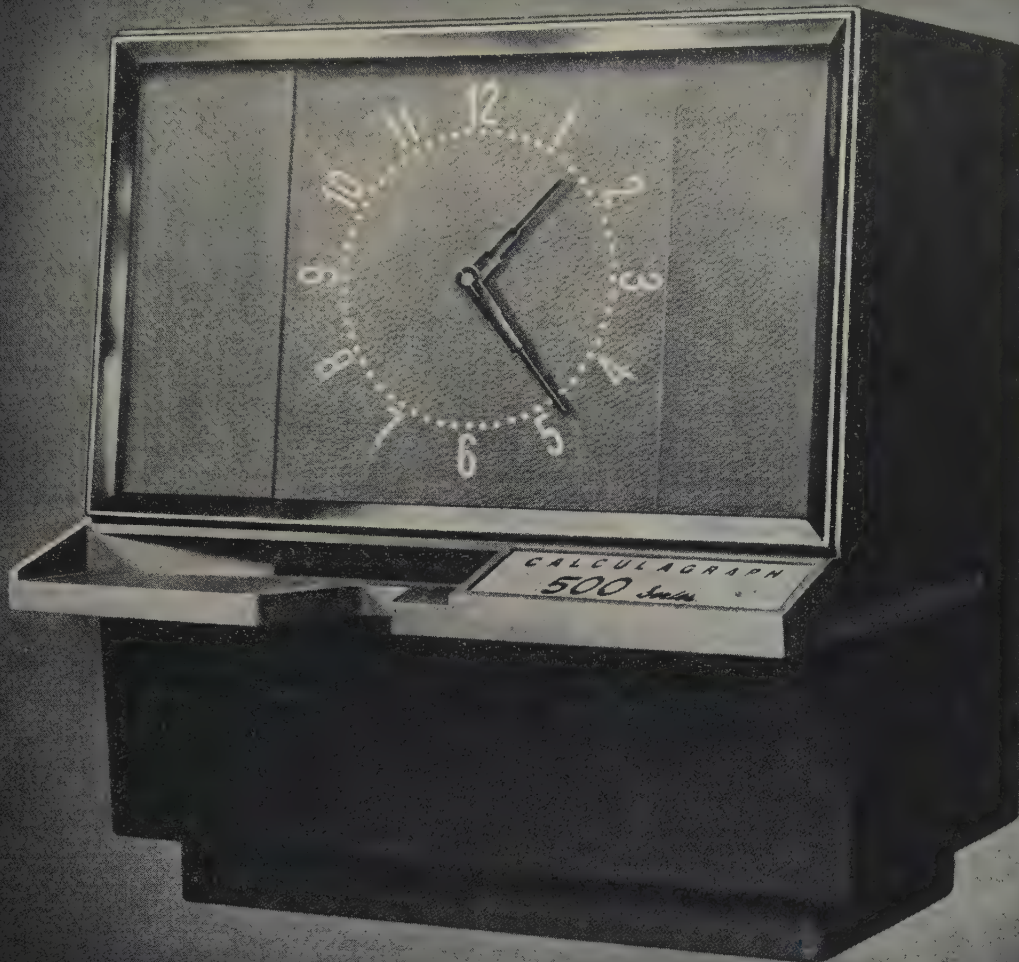
Organizations such as the Galleys of Gifts, Inc. make this easy for both giver and receiver. You order the exact number of Gift-Bookards you want—from a few to a few hundred—at the flat rate of \$6.50 each.

The Bookard is a combination of personalized greeting card, gift certificate and illustrated catalog. The

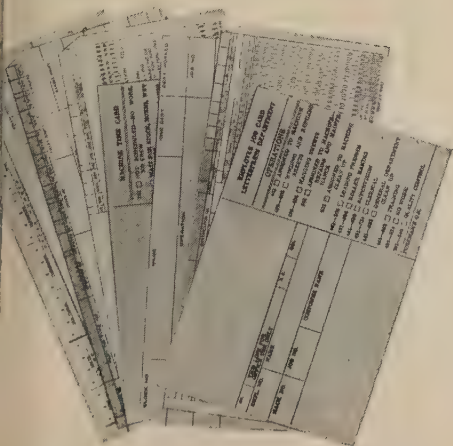




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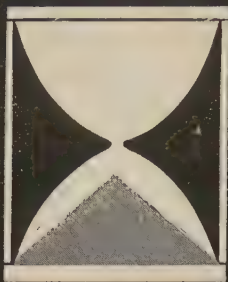
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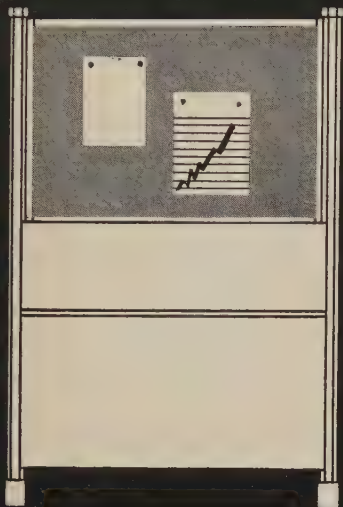
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(Circle number 155 for more information)

recipient chooses one of the 24 gifts with a retail value of \$10—ranging from a clock to casserole, travel iron to table tennis set. He notes his choice on the postage free reply card and mails it. Gallery of Gifts does the rest.

*If you'd like a sample Gift-Book-ard and complete details on this gift plan, circle number 233 on the Reader Service Card.*

## ECHO THE SPIRIT OF CHRISTMAS

■ IF YOU'RE GOING TO GIVE GIFTS at Christmas, why not make a choice that reflects in some way the meaning, tradition or symbols of the day.

Some firms accomplish this by simply selecting "Christmasy" items—a handsome holiday wreath for the door, a box of imported Christmas tree ornaments, a festive tree—real or artificial—a package of gift wraps, ribbons and tags, a hickory smoked ham. It's wise to send such gifts well ahead of December 25 for obvious reasons.

Standard Wire & Cable, Ltd. accents the spirit of Christmas by giving customers a special recording of holiday hymns and ballads. President E. F. Rose, who started the practice in 1958, says customers look forward each year to receiving the Christmas music disc.

The true spirit of Christmas is preserved by such gifts—and goodwill in good measure goes to the giver.

## DON'T OVERLOOK GIFT VALUE OF YOUR OWN PRODUCT

■ IF YOUR OWN PRODUCT makes a suitable present, why go shopping elsewhere? Companies that use their own wares as gifts say it solves the perennially perplexing problem of gift giving.

Besides pleasing the recipient, using your own product has other points to recommend the practice. Usually, the gift is evaluated at retail value rather than at your cost. It's a practical way to "sample" your product or family of products.

Further, it will not be exactly duplicated by run-of-the-mill items universally used as business gifts by many other companies.

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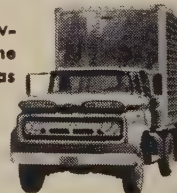


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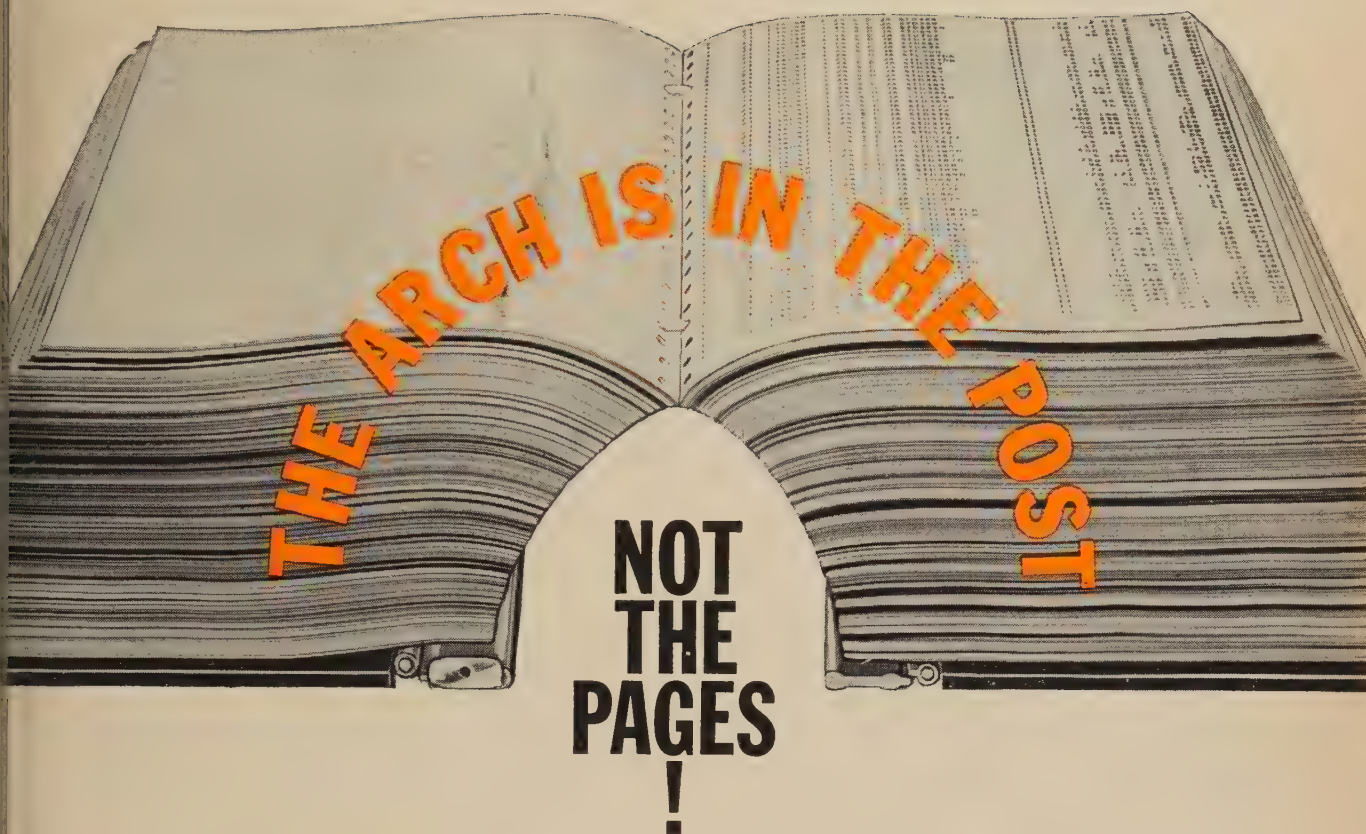
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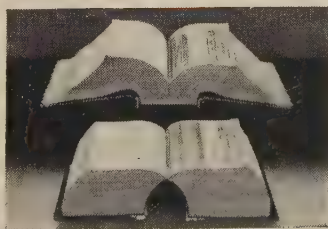
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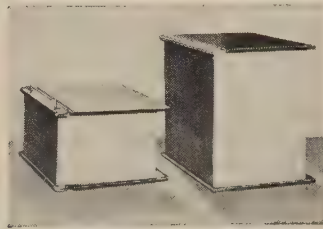
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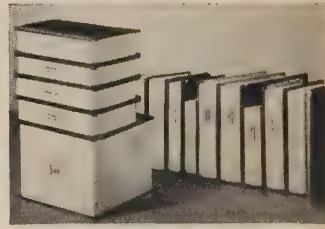
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**STACK & RACK**

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by **F. Newton Parks**

Booz, Allen & Hamilton International, Inc., Zurich

## How to understand

If you aren't doing business with Europeans now, you doubtless will be soon. In the new "one world" of business, the European manager will be a formidable partner—or opponent. To deal with him, you have to understand him. Here are the key facts about European managers. These facts are given by an author who has studied businessmen in many Continental countries.

As customer, partner or competitor, the European businessman will probably influence the destiny of your company if he isn't doing so already.

Europeans have a new business aggressiveness. For that reason there is much to be gained if you learn now to understand the European manager—how he works and thinks.

It is difficult to generalize on European business practices. What is true of one country is not necessarily true of another.

Nevertheless, some broad management comparisons can be made.

### Compensation practices

■ As a general rule, salaries of European management are considerably lower in dollars than in America. A direct comparison is difficult because no legal requirements like the S.E.C. reports in the United States make such information a matter of public record.

**Many fringes.** Salary itself is deceptive, however, as the total income and relative living costs probably permit the European executive an equivalent standard of living to the American. The average European manager has many fringes, such as living quarters, an automobile, and even food in some instances.

Secrecy of salary is a reflection of the family atmosphere that often dominates European companies and also the probable result of varying tax structures that often encourage secrecy in this area. There is the concept of imputed income, for instance. Under this principle it is possible for the tax authorities to evaluate an executive's standard of living on the basis of external evidence and then estimate the necessary income to maintain such a standard of living. This estimate becomes the basis for tax assessment.

But tax structures vary greatly

from country to country. There are three broad classifications of taxes. Some nations, as France and Italy, have high tax rates but relative mild enforcement. Others, like Germany or Switzerland, have low official tax rates with strict and effective enforcement. A third group of countries, such as the Netherlands or Scandinavian nations, have high rates and strict enforcement.

**Profit share.** Some countries, such as Belgium, France and to some extent Germany, have a so-called *tantième*. This is a bonus arrangement wherein directors and managers share in the profits of the business—usually before the shareholder distribution—and in significant amounts.

In Germany the *tantième* may have two components. One is fixed and guaranteed, and it is paid regardless of profitability; it is in effect an addition to salary. The second part of the bonus is based on profitability and may be calculated





# The European manager

This article shows you the European manager in terms of his compensation . . . job titles . . . work customs . . . attitudes . . . strengths and weaknesses.

Author F. Newton Parks sums up the European manager like this: He is an extremely high order of person. Normally, he is very well educated, a person of broad outlook and, perhaps, more sophisticated (in the better sense of that word) than Americans. He is better informed on political and world affairs.

He probably has wide interests and a well developed culture. His language fluency is vastly superior to that of

Americans; he can conduct business in two, three or more languages.

He is technically well informed and possesses much factual knowledge, but perhaps uses less analytical powers than the American manager.

As the European manager improves his management organization skills and adds this facility to his other abilities, his stature as a manager will continue to increase.

on the basis of the dividend level and thus becomes a true incentive bonus. Italy also has a widespread bonus system for executives known as the *gratifica*.

**Vacation allowance.** Another European custom in the area of indirect compensation is the vacation allowance. Business virtually stops for about two weeks during the Christmas season. August is also a holiday month for the upper echelons. Moreover, Easter in the Catholic countries is usually a long weekend, and there are several other religious holidays. On the other hand, the European is liable to put in a longer work day than his American counterpart. The Roman businessman compensates for this by taking a three- to four-hour lunch.

In terms of the amount of money that the executive actually retains after taxes, the European is much better off. The personal income tax on ordinary income seldom exceeds

30% even in the highest brackets. Moreover, in most European countries, capital gains are either not taxed or are incompletely reported.

To the extent that compensation is related to job security, the European is better off. He is less liable to be dismissed for non-performance. A place is usually found for the discredited or failing manager in most countries. In certain instances—France for example—the law itself makes dismissal difficult. In Germany a manager gets a contract normally for five years and even in the beginning not less than three years, not terminable in less than 12 months.

## Management titles

■ Titles and what they mean in European companies will vary country by country.

**German practice.** Composition and title of top management groups in a German company depend on the type of company it is. Most of

the larger German firms have a corporate form known as *Aktiengesellschaft* (A.G.), which is a joint stock company. The *Vorstand* or top management in such a company is a group with general management authority. Members of the top management are entitled *Direktor*, which is akin to a vice presidential position in the U.S. Most bigger companies have an appointed *Vorsitzer* or *General-Direktor* who is the chief executive officer.

These directors comprise the *ordentliches Vorstand Mitglied* (regular member of management). In addition there might be the *stellvertretendes Vorstand Mitglied* (vice-member of management). They are also called director, but they normally have a strictly limited sphere of action.

In spite of this, all members of management, whether regular or vice-members, according to the law bear the same responsibility for the entire business even if there



might be a general director. Very often in bigger companies, the deputy officials at the middle management level who are not members of the *Vorstand* are entitled *Direktor*. This might be done to bring them into prominence in comparison to their subordinates as well as before the customers.

**Italian practice.** In Italy, the president is oftentimes not particularly active in management and more closely resembles the American board chairman. The Italian chief executive is usually called the *Administrato Delegato* (administrative delegate of the board). However, at times the president and the administrative delegate are one and the same person.

**French practice.** In French joint-stock companies, the chairman of the board, selected by his fellow

board members, legally becomes the president. By law, he also carries the responsibility for general management although he may delegate that duty to an executive vice president (*Directeur Général*). The title of vice president is not used in French management. For instance, the head of the sales operation would be known as the director of sales, not the sales vice president. In fact the title of vice president is not used throughout Europe in the management sense. The vice president title, wherever it exists, is comparable to the American vice chairman.

### Work customs, attitudes and atmosphere

■ The working relationships among members of management in European companies and the management atmosphere are influenced by both the ownership characteristics of business and by the basic organization structure that generally prevails.

For the most part, working relationships between the key management members is more limited than in American companies. There is less exchange of ideas, more departmental secrecy and a more restricted view of the total business problem that the enterprise faces.

There is considerably less of the American concept of "teamwork in management" which, although under some fire in certain management circles in America as being overdone, has, nevertheless, undoubtedly been responsible for much in the way of American management accomplishment.

**Class consciousness.** The working relationships of executives go hand in glove with the management atmosphere that exists in the European company. The atmosphere is also somewhat similar to that of the American family business. In other words, there is considerable respect of protocol, there is an observance of "one's place" (no one is on a first name basis), there is limited delegation of powers, a great deal of secrecy and, in

some instances, subservience. These too, we must not forget that, in spite of the liberal economic and political movements throughout Europe, a class consciousness still remains that exerts an influence in business.

These remarks are not an indication of European practice. They are merely a reflection of the environment in which management has grown. These generalities are not necessarily true of all companies by any means.

### Management-board relationships

■ The membership of the management and the board are more closely separated in European countries than in America in many cases.

**The German board.** For instance in Germany the board ordinarily contains no members of management. There is the possibility that a member of the board (*Aufsichtsrat*) may be delegated into the *Vorstand* for a limited time that according to the law should not exceed six months. During this time of delegation this *Vorstands-Mitglied* (regular member of management) bears the same responsibility as all the others but his privileges as well as his duties as a member of the board are temporarily held in abeyance.

The board is in an overseer capacity and serves as an audit and overall control of the management.

Another interesting aspect of the German board of directors is that it contains representatives of the workers who contribute to formulating company policy—especially in regard to labor relations.

In general the management and not the board is accountable before the law and the shareholders (*Hauptversammlung*) for the management performance. The management has to give reports regularly to the members of the board. This normally is done before the scheduled meetings of the board held with management. The board in the annual report of the company



About  
the  
author

F. Newton Parks has been vice president in charge of European Operations of the management consulting firm of Booz, Allen & Hamilton International, Inc. since 1959. He makes his office in Zurich, Switzerland.

Mr. Parks joined the U.S. nationwide management consulting firm of Booz, Allen & Hamilton in 1945, and was a partner in it prior to joining his present organization, an associated corporation of Booz, Allen & Hamilton. For several years, his consulting experience has included assignments for both U.S. and foreign companies operating in Europe and South America.

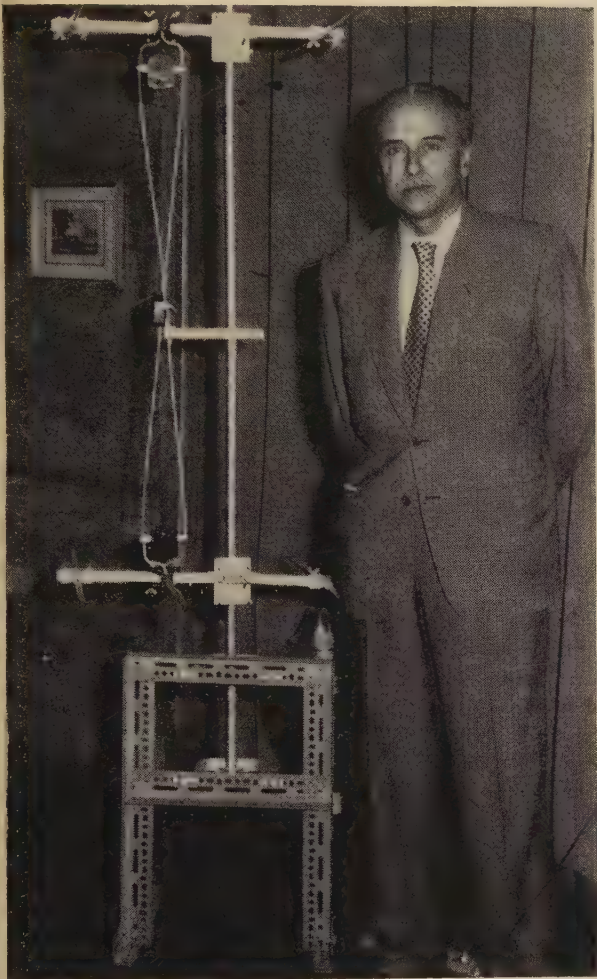
Mr. Parks was graduated from the New Mexico School of Mines and did graduate work at Harvard. He has written many articles in the management field.

Interviews with European businessmen conducted for *Management Methods* by Ruder and Finn International.



of secrecy and, sometimes, subservience."

## Profile of A MODERN SPANIARD



Rafael Luengo, 59, is president of Fluorescencia y Televisión, S.A., with headquarters in Madrid, Spain. The company, with 245 employees, manufactures TV sets and aerials, and distributes fluorescent lighting and other products. Last year's sales were approximately \$1 million.

President Luengo says his company is family controlled; he holds the majority of shares.

With him, two other executives form the key decision-making group. President Luengo has three people reporting to him but, he says, "all have the door open to them."

Rafael Luengo was educated as an attorney. He speaks four languages: Spanish, French, English, German. He has nine children, two of whom are employed in the company, one as an engineer, the other as a political economist.

President Luengo works six days a week, from 9:00 a.m. until 8:00 p.m.—or later if the occasion demands.

He takes an hour and a half for lunch, usually spends it negotiating business. He does considerable business entertaining.

His vacation is normally the month of August when he goes to the mountains, but he has taken no vacation for the past two years due to the pressure of work caused by the rapid expansion of his business.

He lists his duties in the following order of importance: relations with foreign companies, financial and banking relations, contacts with the Spanish government and other authorities, and controlling the internal operations of the company.

What does he find the most irritating characteristic of American businessmen? It is their belief "that everything is America—that everything must be done everywhere as it is done in America."

However, he points out that European businessmen can benefit greatly from the technical research that American firms undertake. He expects that his own company will benefit from this American research.

to make note of its having regularly controlled the management and has to express its approval with the report, the profit and dividend.

The president of the board leads the annual meeting of the shareholders, but management usually presents the shareholder reports. Both management and board have to be discharged by a shareholder's vote ("entlastet") concerning the way each group conducts its business and presents the

balance sheet at the annual meeting.

**The French board.** In many respects, French companies are organized in a way similar to German ones. Members of the board, who have broadly the same capacity as in Germany, assume no direct managerial responsibility. New members, seldom chosen from management, are nominated by the board usually in consideration of the extent of their professional or social relationships, or of the financial in-

terest that the group they represent may have invested in the firm. These are often bankers, professors, lawyers or other professional people. Their nomination does not become effective until confirmed by a positive majority vote at the next annual meeting of the shareholders. As mentioned above, the chairman of the board is the link between board members and management since he is legally the chief executive officer of the firm.

The *Comité d'Entreprise* or man-





## Profile of A DYNAMIC SWISS

Max Stoffel, 65, is owner (no title) of Stoffel & Co. of St. Gallen. The company, which makes fine cotton and piecegoods, employs 2,200 in Switzerland, also has operations in New York and Paris.

He refused to reveal the sales volume of his company.

Besides himself, four directors compose the company management. All four report directly to him. One of his sons (he has two sons, two daughters) is employed by the firm.

Educated in a textile high school and a high school of commerce, Max Stoffel speaks German, French and English. Asked how many days a week he works, he replied, "All days."

His working hours vary, however, and he often carries a briefcase to his home. He takes about two hours for lunch and they can be described as business lunches. He does a good deal of business entertaining.

He describes his primary job as getting "the right man into the right place." He rates as second in importance the need to keep his eye on the development of world economics and politics. His most pressing concern right now is the development of the European market—the European Free Trade Association and the Common Market.

What about doing business with Americans? Says he: "I think they are very efficient and I like to collaborate with them. American-European trade should be promoted."

*"The European is liable to put in a longer work day than his American counterpart."*

agement committee—whose members are elected by the firm's staff, white collar employees and workers—designates two representatives who assist at the board meetings. These representatives, however, act merely as observers and, contrary to the German practice, are not empowered to contribute in formulating company policy in any field. At the present time there is some controversy in the French government on whether or not to increase the rather limited extent of worker representation on the board.

In many countries in Europe, a *tantième* (profit sharing bonus) applies to the board as well as to man-

agement. The board member, then, is much better compensated than in America. If a man serves on a number of boards, he is undoubtedly in an extremely favorable financial position. This is in sharp contrast to American practice of board member compensation which may typically pay between \$100 to \$200 per meeting, except for the chairman.

### Organization principles

■ One basic difference in organization practice between Europe and America is the observance of basic organization principles.

In America, these organization principles have become so obvious

that to mention them nowadays almost to belabor them. Among these principles are such matters as management delegation, authority and responsibility, span of control and accountability.

These organization principles, second nature to the U.S. executive, are not emphasized in Common Market nations. For instance, reporting relationships are not necessarily spelled out. Relationships, generally speaking, have evolved on an informal basis. Span of control might be ridiculously broad at the European middle management level, or extremely limited at the top management level. The low

*continued on page 43*



# How to write better

Why do businessmen write the way they do—with pompousness, and trying to be overimpressive? What kinds of trouble, waste and costs are brought on by this bad writing in business? Here are the answers on why businessmen write that way, and a few simple guides you can follow that will start you writing better today.

by **Albert M. Joseph**

*Executive Director, The Industrial Writing Institute, Cleveland*

There's a story, pretty worn by now, about the executive who wrote his maintenance supervisor a memo instructing him "eliminate all undesirable vegetation surrounding the periphery of our facility." The poor supervisor went out and pulled up four rows of tulips, an edging of pachysandra, 150-foot geranium beds, and expensive evergreens. When the boss heard this he gasped, "What! I wanted you to do was kill the weeds around the plant." To which the doomed supervisor replied, "If you wanted me to kill the weeds, why didn't you just tell me to kill the weeds?"

There's a moral here, and a serious one, for U.S. businessmen. Why indeed didn't the executive just say, "kill the weeds?" He was guilty of one of the biggest wastes in industry today: the waste of executive manpower through bad writing.

How big this waste is becomes easy to realize, if you stop to think about it. Our weed-killing exec only cost about \$1,000 worth of landscaping. But what happens when he gives similar instructions—as he does every day—to others under him?

What would have been the consequences, for example, had he been instructing someone on a vital missile part instead of weeds? He might cause a vast and expensive project to fail because someone misunderstood him and acted wrongly on an important matter. Indeed, in our research at The Industrial Writing Institute we have found many cases where this is exactly what happened. Or, if the writer is a sales executive, we have seen examples where customers turned down a bid because they couldn't understand it, or because it gave a poor impression.

This waste doesn't end, however, just with misunderstanding brought on by poor writing. Valuable time is wasted too, because it takes an executive much longer to sit down and ponder how to say, "eliminate undesirable vegetation" than to say, simply and clearly, "kill weeds." It takes much longer for the person on the other end to read it, too. And the worst part of the danger is that the cause of all the trouble, poor writing, is almost impossible to diagnose. Management teams and efficiency experts hunt the cause of mistakes and executive

slowdowns, without realizing that often the whole trouble is in written reports.

## **What's the biggest sin?**

Ironically, the most common writing fault among businessmen is also the most simple to correct: overimpressiveness. Most executives are literate, intelligent experts at their job. They are capable of analyzing a situation and deciding what action should be taken. They think clearly. But the moment they sit down with a paper and pencil, or a dictating machine, they are in trouble. They are seized by a subcon-

**Anachronistic ratiocination was catastrophic to herbaceous integument.**







## antidisestablishmentarianism

scious urge to show how smart they are. Their real purpose in writing, to get their ideas across to someone else, is forgotten. Instead, they start out to prove how profound they are, that their vocabulary is larger than anyone else's in the company, and that it was only by sheer oversight that their writing talents have gone unheralded. They become pompous, pedantic, overimpressive. They begin to think in terms of "eliminating undesirable vegetation" instead of "killing weeds," "extinguishing conflagrations" instead of "putting out fires."

How wrong can you get? A man or woman who thinks like this is not writing to pass on information but to show off. He or she thinks that the more big words and long sentences, the smarter the writer. Nothing could be further from the truth.

Actually, professional writers know that the opposite is true. They know that good writing depends on *what* one says, not *how* he says it. They know that the simplest way of saying something is usually the best way, and that no amount of flowery words can make their writing good unless they have something worthwhile to say. They know, furthermore, that readers are not going to read their writing unless it

is simple, direct, and to the point.

Here's why. Readers are busy. Like you, they have more to do during business hours than they have time for. They demand their information in the easiest way they can get it. If you throw roadblocks in their way by cluttering your writing with unnecessary big words and complicated phrases, they may choose simply not to read it at all. Or, they may think to themselves, "This is complicated. I'll put it aside and read it when I can give it more time." But chances are that time will never come.

### The 'dignity' argument

"Sure," many executives agree, "simple writing is fine, but it won't work in my company. As a member of management, I have to sound dignified at all times. And simple writing lacks dignity."

We have had that argument thrown at us hundreds of times at IWI. Executives claim they don't sound like experts if they keep their writing simple. That's a weak argument, based on rationalization. These men know better, if they stop to think about it. They know that dignity, like other aspects of good writing, comes from *what* they say, not *how* they say it. They know that dignified subjects will stay dignified regardless of how simply they're expressed, and that no amount of fancy words can add dignity to an undignified subject.

To satisfy yourself on this point, you only have to recall some of the speakers you have heard at business meetings, banquets, and conventions. Ask yourself, "Which speakers do I remember? Which ones were interesting, and which were boring?" Chances are you'll agree that the ones you found interesting were the ones who spoke in natural, simple, relaxed language. Perhaps they even stood before their audience with their hands in their pockets. Undignified? Not if their subject had dignity. And most experts agree today that the same elements go into good writing as good

speaking. The big difference is that the speaker has a captive audience; his listeners can't get up and walk away. But a writer must battle every sentence to keep his reader from putting down what he's reading and going to something else.

### Six principles of clear writing

We have established, then, that good writing should be clear and simple. Keep the reader in mind. And remember, writing that is easy to read is easy to write too. Here are six principles of clear writing. They are not *rules*, but *principles*. When followed, they will help you more often than not. By using them, you will find that your writing is not only easier to read, but easier to write too.

#### 1. Prefer short, familiar words

The easier your writing is to read, the more successful it is. And the best way to make reading easy is to use common words wherever possible. There are about a half million words in the English language. The average college graduate knows and uses about 15,000 of them. About 2,000 make up most of any conversation. But 10 simple one-syllable words (the, of, and, to, a, that, it, I, is) make up about one-fourth of everything that has ever been written in English.

Don't be afraid or ashamed to write with easy words. Remember

"Annihilate the current incendiary intrinsicity of the industrial domicile!"



About  
the  
author

Albert M. Joseph is a top authority on writing. In addition to heading The Industrial Writing Institute, he teaches writing at Western Reserve University, and is well known for his lectures to business, professional, and technical groups. No theoretician, he spent years practicing what he preaches, as an advertising agency writer and magazine editor. The Industrial Writing Institute, of which he is executive director, specializes in at-the-company seminars to teach men in business and industry how to simplify their writing.



ances are the ideas you're going to write about are quite complex. It may take all of your reader's concentration to grasp those ideas. Don't force him to expend some of that concentration on your words. And remember too, vocabulary is a tool, a means to an end. It is not an end in itself. While a large vocabulary is one of your greatest assets, it should be used graciously. Don't show off with it. Don't use a large word when a small one will do.

### Keep most sentences short and simple.

It used to be a rule among newspapermen that no sentence should be over 20 words long. Today this rule has been relaxed, but it's still a good one to follow. Long sentences themselves are not necessarily bad if they can stay clear and easy to understand, but usually the unskilled writer who tries long sentences gets confused, and by the time he gets to the end of the sentence he has worked himself and his reader into serious trouble that would have been easy to avoid with several short sentences instead of one long one. (The sentence you just finished contains 65 words, yet it should have been easy for you to read.)

Study this sentence as an example of what can happen when a writer tries to get too fancy with a sentence: "Created by Charles Deaver, who also collaborated on the earlier Model B, Deaver managed to show his genius for foolproof design in this one too."

This sentence is only 25 words long. Yet the writer has gotten himself and his readers thoroughly confused. If you trace the grammar, following the subject from beginning to end, you see that Deaver is created by Charles Deaver. Reason? The writer was trying to get cute, but he didn't know how. What he was trying to say would have been better in three short sentences, like this: "The machine was created by Charles Deaver. Deaver also col-

laborated on the earlier Model B. He managed to show his genius for foolproof design in this one too."

Don't worry about short sentences sounding choppy. This is a common objection among unseasoned writers. But writers are much more aware of this than readers are. Furthermore, short sentences can be just as smooth and fluent as long ones. If you don't think so, take a look at Hemingway.

### 3. Prefer active verbs; avoid passives

The active voice is dynamic, colorful, exciting. The passive voice is dull, weak, uninspiring. Active verbs *do something*. (The marines *hoisted* the flag on Iwo Jima.) Passive verbs, easy to spot by a form of the verb "to be" at the beginning, report on what was done. (The flag *was hoisted* on Iwo Jima by the marines.)

Business writing is full of deadly passives. We say, "An improvement in service has been effected" instead of "We improved service." "Improved performance was noticed by those present" instead of "We noticed an improvement." "The switch is pressed by the operator" instead of "The operator presses the switch."

Once you have mastered simple words and short sentences, nothing will add more sparkle to your writing than healthy doses of active verbs.

### 4. Use a conversational style.

Almost, anyway. Most of us are pretty good talkers. We're better at talking than writing because we have had much more practice at it. Of course, most people who can't speak coherently can't write coherently either. This principle won't do much good for them.

When you're struggling over a tough passage—one that seems to defy writing—ask yourself, "How would I say this to my wife at dinner, or to the reader if he and I were sitting in the lunchroom discussing this over a cup of coffee?" You'll be amazed how much easier



the words will unfold before you. Of course there are bound to be some important differences between the language style you use for talking and that for writing. Let common sense be your guide. And, of course, there are some people who have just as much trouble speaking as writing. They are dull at both. For them we recommend applying Principles One, Two and Three to their speech as well as to their writing.

### 5. Get people into your sentences.

This is another rule that filtered down from the newspapers. Many a managing editor's desk in the days of green eyeshades was adorned with a sign reminding cub reporters: Talk about people, people, people!

There are two important reasons why your writing should bristle with people: passive verbs will disappear automatically, and your writing will become more accurate.

It's almost impossible to write in the passive voice if people are the subjects of your sentences. Thus, a typical dull sentence like, "It was realized that drastic changes would have to be made" is less likely to show up in your writing. Instead

*continued on page 82*

"Succorance! Succorance!"





## How to double or triple

Break comfortable old habits of reading and you'll save half your reading time. A five-part series of short lessons has been prepared to show you how to do it. The lessons, prepared by The Reading Laboratory, Inc., will appear monthly. They will show you how to improve your phrase reading, columnar reading, prereading, and other reading methods. You will find that as your speed goes up, your comprehension goes up too.

There's no talent needed to read faster. Anyone can do it. The trouble is that most people have been poorly trained to read. They read poorly throughout their lives, wasting thousands and thousands of hours. They plug along like beginners simply because they have never learned how to improve.

For example, the average businessman reads about 250 to 350 words a minute. This is far short of a person's potential. The average

executive can easily improve his reading speed 100%, 150% or more. When these figures are converted into the time saved for the more creative aspects of your work, the value of the gain is evident.

There are several things you can do to get the most information in the shortest possible time from your reading. This series of articles will show you the techniques used by skilled readers and how to apply them yourself. A few minutes daily practice will help you develop new reading habits that not only benefit your work, but bring a new perspective in your attitude toward all reading.

To find out how your reading speed compares with that of the average reader, turn to the article "How to write better," on page 43. Read the article and use a clock or watch with a second hand to determine the reading time. Divide the total number of minutes into 3,000 to discover your word per minute reading rate.

Do not be surprised if your reading rate is well below 250 words per minute. Every person varies but even the slowest reader is capable of the same increases as the

person who reads at an above average rate now.

The last article in this series will offer another reading exercise, to check your success with the new reading techniques. Make a note now of your present reading speed and then compare this with your reading speed when you have completed the five "lessons."

### How do you read?

When you first learned to read you were probably taught in the following manner. Your class was divided into three or four reading groups, and once or twice a day you and your small colleagues sat in a circle in front of the room and took turns reading a selection aloud to the teacher. Therefore you first learned to read words by seeing them, saying them and then hearing them.

Unfortunately this training was not carried any further and most people today still have to say and hear the words. As a result of this early training there are three types of readers:

- The motor reader who forms the words with his lips as he reads
- The auditory reader who hears

A 64-page do-it-yourself book, which tells you the how, what and why of reading improvement with self gauge to determine your reading rate, is available for \$2 from Developmental Research Institute (an affiliate of The Reading Laboratory, Inc.), Room 48, 500 Fifth Ave., New York 36, N.Y.





# your reading speed

by The Reading Laboratory, Inc.

in his "mind's ear" the words as he reads.

■ The sight reader who immediately gathers information from the printed page without aid of the auditory or vocal senses.

The last of these three, of course, is the skilled reader. Unhampered by having to say or hear the words, he is capable of reading several words at one time. This brings us to the most important technique used by skilled readers—*phrase reading*. If you learn this technique alone, it will save countless hours of wasted reading energy.

When you read a line of print, you may think your eyes sweep smoothly across the page. But your eyes do not pick up words while in motion like, for example, a movie camera. Rather, they have to get a series of "stills," starting and stopping across the line.

The eye pattern of the average reader might look like this:

|               |    |           |        |
|---------------|----|-----------|--------|
| 1             | 2  | 3         | 4      |
| Contrary      | to | common    | belief |
| 5             |    | 6         | 7      |
| comprehension |    | increases | with   |
| 8             |    |           |        |

speed.

The skilled reader, however, makes only a few of these stops, and he makes them smoothly, as indicated by the numbers in the following lines:

|                       |                |
|-----------------------|----------------|
| 1                     |                |
| Reading word by word  |                |
| 2                     | 3              |
| is a condition        | that can cause |
| 4                     | 5              |
| a slow reading rate   | even though    |
| 6                     | 7              |
| comprehension ability | is good.       |

It is not at all difficult to learn to read phrases instead of individual words. But in order to acquire the phrase reading habit, you must develop an awareness of phrases as thought units.

The phrase circling method is the first step toward this awareness. Take a heavy pencil and draw a circle around each phrase in the next article you read. These need not be grammatical phrases, but simply groups of words containing meaning in themselves as a unit, answering, for example, "who," "what," "why," "when," "where," etc.

After you have circled a few phrases, mark a small dot or "x" slightly above, and in the center of each phrase. You should be able to see the whole phrase when you focus on this point. For example, focus your eye on these "x's."

|             |                      |
|-------------|----------------------|
| x           | x                    |
| If you read | word by word         |
| x           | x                    |
| you spend   | needless time at it. |

Ten minutes of practice for a few days will soon have you automatically seeing phrase groups instead of individualized words.

Comprehension will *increase*, because if you read slowly, your mind is free to wander. By reading faster, in phrase or thought units, your mind is absorbed, and you are reading the way you think—in concepts.

The next article in this series will delve more thoroughly into phrase reading, and show you other aids to acquiring this skill.

Remember, you are trying to change reading habits that have been solidified by years of reading. It can't be done over night, but with a little practice, your reading efficiency will increase beyond anything you thought possible. ■



# MANAGER

## ASKS

## EXPERT

**PIRATING:** "Why do managers I've stolen fail?"

**ORGANIZATION:** "Why don't people follow my charts?"

**BENEFITS:** "Are my employee benefits too liberal?"

**PROMOTIONS:** "Who gets promoted when?"

**TRAINING:** "Why don't my sales pep talks, contests and bonuses work?"

**RESEARCH:** "How can I judge its worth?"

**MANAGEMENT DEVELOPMENT:** "Why won't my senior men help their juniors?"

by **Dr. Robert N. McMurry**  
President, The McMurry Co., Chicago

People create problems. In this article, Dr. Robert N. McMurry gives solutions to some of these problems in concise answers that cut right to the heart. Dr. McMurry, a leading management consultant and psychologist, has had 20 years' experience in helping firms solve their "people problems."

These questions and answers come from Dr. McMurry's new book, *McMurry's Management Clinic* (see box, page 51).

### WHY DO MANAGERS I'VE STOLEN FAIL?

**QUESTION:** *I am in the food-processing business. My principal competitor has an almost similar line of products and sells them in the same way to the same customers. Last year I stole the competitor's sales manager. He had been a terrific producer for them but for me, he's a dog. What went wrong?*

**ANSWER:** You made one of two mistakes in your piracy. Either the sales manager was just a "from man" on his previous job (in which case your competitor must be splitting his sides laughing at you), or you have made yourself guilty of the doubly dastardly deal of pirating someone *you* could not use. We'll give you credit for the latter, which is at least a mistake in which you have plenty of company.

You have mentioned a number of ways in which your organization is like your competitor's. There are many other ways in which they are probably different—perhaps so different that the same man could not possibly be successful as sales manager for both companies. For example:

**1. Expectations.** You and your competitor may view the sales manager's job quite differently. Perhaps you expect your sales manager to be a strong, self-assertive man who



can run his own show, while your competitor expects his man to do pretty much as he is told. Perhaps you expect your sales manager to be able to sell the big accounts personally, while he expects him to do virtually no personal selling. These are typical ways in which your expectations for your sales manager may differ radically from your competitor's.

**2. Compensation.** Because you say you "stole" him, we presume you are paying dearly for this man, but does your method of compensation encourage him to do his best? Perhaps on the former job he was on, he had as a carrot an override arrangement, and you are giving him the security of a straight salary. Or vice versa.

**3. Company Prestige.** Perhaps your competitor is an old, established firm which can coast on its reputation and needs only a little "sell" to enjoy good success, while yours is a young, upstart firm which still must fight hard for every single sale.

In vitally important ways of this kind your organization may be as different from your competitor's as day is from night. You need a sales manager who will fit *your needs*, rather than your competitor's.

**WHY DON'T PEOPLE FOLLOW MY CHARTS?**

**QUESTION:** *Although we have a very clear organization chart which shows exactly what the chain of command is, no one seems to follow it. People are constantly short-circuiting each other, both up and down, and we have constant squabbling due to conflicting orders. How can I get people to follow the chart?*

**ANSWER:** You have the chart before the horse. The basic problem is not to get the people to follow the chart, but to get the chart to follow the people.

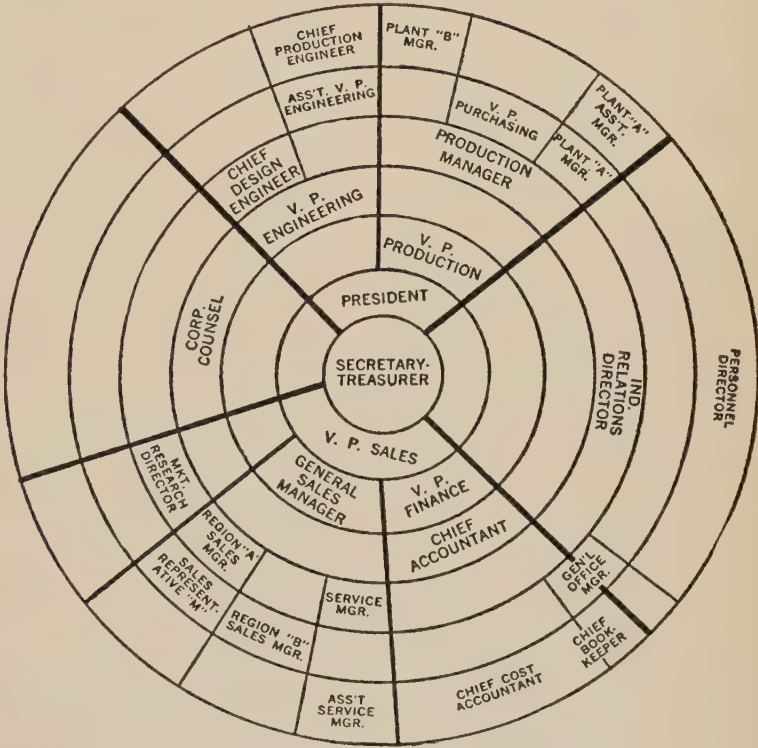
Even if your organization chart

was originally drawn up by an "expert" in full conformity with "accepted principles of business organization," it is not sacrosanct. If it does not reflect reasonably well the way in which your company actually operates, it is useless to you except as a pretty wall decoration in the conference room.

The thing for you to do is to start all over again and make a realistic chart which shows how things actually get done in the company. Who really reports to whom, regard-

less of titles? Who runs the show, regardless of whether or not he is president? Who is most influential with the man who runs the show? Who works closely with whom, and who has rivalry with whom? When you start thinking about your organization in these terms you'll quickly see how ridiculous your formal organization chart really is.

As you go on down in the organization you probably will not be personally aware of all the existing relationships. You can be sure,



**This chart describes** the informal organization of one particular company. The chief executive is not the president but the secretary-treasurer. He holds the key position because of large stockholdings in his family. The company is essentially divided into two rival camps, one controlled by the president and one by the sales vice president. The other vice presidents vary considerably in importance—for example, the purchasing vice president actually reports to the production manager and has little voice in running the company. It is interesting to note that the director of industrial relations and the corporation counsel are "isolates" who belong to neither camp. This is not too surprising for the corporation counsel but for the industrial relations director it is. It suggests that this man is quite ineffective and may soon be on his way out. Many other interesting "facts of life" about this company can be discovered by noticing the limits of each man's influence and by comparing the various positions which are placed in the same ring (i.e., are considered to have the same degree of closeness to the chief executive).





## BEGINNING NEXT MONTH

Next month, Dr. McMurry will begin a feature column in *Management Methods*. In a new column called "Manager asks expert," Dr. McMurry will offer solutions to problems concerning people in business.

Readers who have specific questions about "people problems" in their companies are invited to send the questions in to Dr. Robert N. McMurry, c/o *Management Methods*, 22 W. Putnam Ave., Greenwich, Conn.

though, that they are common knowledge to many others in the company, so it isn't difficult for a skilled staff interviewer (or an authorized person from outside the company) to learn of them.

In charting this information, many companies have found it useful to draw a circular or beehive chart which shows the chief executive in the center and the other people at varying distances away from him. (See chart, page 49.)

This type of circular chart has several advantages. First, it can show all the different levels that actually exist in the company. Second, all the people who are within a particular executive's "area of influence" can be shown clustered together. Third, executives who are in "opposite camps" may literally be shown in opposite areas of the circle. This type of organization chart is a much more flexible tool than yours and therefore it can depict currently existing relationships much more clearly.

In the illustration shown, for example, the finance vice-president is not under the authority of the president (although the formal organization chart might show him there); instead he would be in the sales vice president's camp.

You may or may not be pleased by what you learn about your own organization when you see it charted in black and white. Instead of useless harping on following the formal organization chart, however, you will then be in a position to make informed decisions as to what needs to be done in order to achieve a better-balanced, more integrated and more competent management grouping.

## ARE MY EMPLOYEE BENEFITS TOO LIBERAL?

**QUESTION:** *My industrial relations director keeps urging me to expand our program of employee benefits and services. He tells me it will build employee good will and loyalty, but I can't see it. We have about an average program for our industry now, but he says we should have the leading program. We are not unionized and have very good wage rates. What do you think?*

**ANSWER:** Your industrial-relations director ought to know that huge "give-away" programs are going out of style, even on TV. He is trying to *buy* employees' loyalty—and it can't be done.

Employee benefit programs are strange animals. There are certain benefits, such as group insurance, which employees need and want. There are other benefits, such as liberal vacation allowances, which may be necessary to compete in your labor market because other firms offer them. Beyond these two types of benefits—which you must offer—there are many others which are very expensive and almost totally useless. They make no real contribution either in themselves or even as selling points in recruiting the right type of well-qualified applicants.

For example, you may or may not decide on air conditioning, and many reasons can influence your choice. However, emphasis on air conditioning in recruiting ads often attracts people who are intensely interested in their own physical comfort—and who find hard work just as unpleasant to them as uncooled air.

We're not discussing here whether air conditioning actually improves productivity on the job. We're simply saying that it is not useful in recruiting good people and of very doubtful use in holding them in the job.

Similarly, of what interest is a pension plan to the average "soda-fountain clerk" type of worker? He doesn't expect to stay on the job very long, the turnover statistics prove he means it, and "pie in the sky" at sixty-five isn't going to make him change his mind.

Profit-sharing is another employee benefit which has its ardent boosters. Actually, except for the upper echelons of management, profit-sharing has little incentive value—either to work harder or to stay on the job longer. It takes a big stretch of an hourly employee's imagination to see much connection between pennies saved by doing his job more quickly and carefully and the astronomical (to him) figures which measure the profits of the company as a whole. Even more important is the fact that earnings received from profit-sharing come to be regarded, and spent as regular earnings. Comes an unprofitable year and everyone feels he has been handed a cut. This negative incentive may far outweigh the possible advantages in morale that profit-sharing in a good year can conceivably bring.

In other words, this is certainly no field in which to strive to win the prize for being the most liberal company. Once you install a benefit that proves to be useless, you can't get rid of it easily. The thing appreciated—for long, at least. No to remember is that gifts are rarely



can you *buy* good will; it must be earned.

If your industrial-relations director wants to be a philanthropist, let him run a philanthropy of his own—and with his own money. You're running a business.

## WHO GETS PROMOTED WHEN?

**QUESTION:** *Can you recommend a simple, yet effective, procedure for selecting the best men for promotion? We thought a battery of tests might be the answer, since then we would have definite scores to go on.*

**ANSWER:** Sorry to disappoint you but there is no automatic way, such as a battery of tests, to pick the right men for promotion. Until Rube Goldberg invents such an automatic machine, effective ways of selecting promotable men will require *you* to make judgments.

There are two basic questions to be answered in picking a man for promotion:

1. What does the higher-level job require of him?
2. How well does he meet these requirements?

While these questions seem obvious and sensible, many companies do not bother to answer them. Too often promotions are made on the basis of how well the man is doing his *present job* rather than in terms of his qualifications for a different, and often more demanding, position. It has been proved time after time that the wizard mechanic will not necessarily make the best foreman and the top salesman may be a complete flop as a sales manager. This is because technical competence and ability to supervise require widely differing qualifications.

To match a present employee against the requirements of a higher-level job, you should:

1. Consider the new job in critical detail. How does it differ from the man's present assignment? What experience, skills and training does it really require? What problem-solving ability? What physical qualifications? These are the most obvious ways in which jobs differ but

there are other more subtle differences which although equally important are frequently overlooked. What types of contacts are there with other people and who are these people? To what extent has the job been reduced to routine (or "structured") as opposed to requiring true risk taking decision-making? How much stress or pressure is involved? What type of supervision is provided and how close is it? What challenge does the job provide? What inherent satisfaction does it offer?

It is only when you have answered questions such as these about the job that you can possibly pick the best man—because the answers will tell you what the best man will be like. Now that you know what the job involves, you can proceed to look into the candidates for promotion to it.

2. Consider each man in equally critical detail. Start by reviewing all your records on each man. Pick out those who have the requisite skills, training and experience (the "can-do" qualifications) and then consider how each of them will fit the higher-level job in terms of his personal characteristics (the "will-do" qualifications, i.e., his industry, loyalty, self-reliance, perseverance, inherent leadership, etc.). Get as much factual information as possible about what each man actually *has done* throughout his life—from

your records, from talking to his supervisor, from interviewing the man himself. Look to see if he has *consistently* shown each and every one of the various personal characteristics required by the job. If he has, then he's your man. If he obviously has not, then he's out of the running.

If you have no one who really fills the bill, then don't promote anyone. Go outside for a replacement. It's the best idea to promote from within if you can, but many an organization has doomed itself to mediocrity by insisting on such a policy even when none of the home-grown product was suited for advancement.

## WHY DON'T MY SALES PEP TALKS, CONTESTS AND BONUSES WORK?

**QUESTION:** *Can you recommend a good course for my men to take on salesmanship? Most of them aren't really earning their keep. I've tried pep talks, contests, bonuses, and what have you. They complain that our prices are too high and that we are not competitive in our markets. They say that they cannot get new business, yet I can go out and bring it in easily. Why can't they?*

**ANSWER:** If you want to have the best sales course in the country for  
*continued on page 70*

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### About this article

The questions and answers in this article were excerpted from a new book, *McMurry's Management Clinic: Solutions to 89 Management Problems about People*, by Dr. Robert N. McMurry, in collaboration with Ruth G. Shaeffer and Lawrence E. de Neufville.

This book is packed with practical, workable solutions to a variety of tricky "people problems." It covers such areas as organization, long range goal planning, the scope of executive action, selection and training, executive compensation and performance evaluation. Because of its easy, readable style, the book could be called "light

reading for serious people." But because of the real meat in each of the solutions, it is also serious reading for serious managers.

The questions in the book are real. They are genuine problems company presidents have posed to Dr. McMurry over the years. The answers come directly from Dr. McMurry's 25 years of experience in solving problems about people.

*McMurry's Management Clinic* was published by Simon and Schuster, Inc., New York. It is copyrighted 1960 by Dr. Robert N. McMurry, Ruth G. Shaeffer and Lawrence E. de Neufville. The book sells for \$4.95.



## PROFILE OF THE NEW BUSINESS MARKET

Part two of a special two-part research analysis

# How to Identify your best

This article is the second half of a major research study. Last month's article disclosed a closeup view of the relatively *few key men* who make most of the buying decisions in business. Now here are the facts about the relatively *few firms* that buy most of what is sold to business.

*Three kinds of companies compose this country's business market:*

**Midgets** — countless in number but small in size and costly to sell. They buy only a small fraction of what is sold to business.

**Giants** — a handful of companies that stand out because they are huge. They form a major portion of the worthwhile segment of the business market, but not the biggest portion. They are not the easiest to sell.

**"Middle billions" firms** — so called because they are middle sized, yet in themselves compose a multibillion dollar segment of the market. There are relatively few of these companies but they are scattered throughout the country. They buy more than the midgets, and more than the giants. They are relatively easy to sell to if you know how. Yet this "market of the middle billions" is commonly overlooked.

*Presented in this article for the first time are newly uncovered facts about the "market of the middle billions." This research analysis tells you how to identify firms in this market, and how to sell to these firms.*

by the Management Methods Research Staff





# business customers

Business firms in America compose a gigantic market for all kinds of products and services. The business market is a multibillion dollar market.

Does this mean it is a profitable market? Well, yes and no.

## NO!

It is an *unprofitable* market if you look at the market as a whole.

Here's why: There are well over four million business establishments in this country. Most of them are small, some are large, a few are huge. These companies buy more or less in relation to their size; the small ones buy a little, the large ones buy a lot.

The trouble is that it costs a great deal to sell to business firms—all business firms, even the small ones. The business market is unlike the consumer market in that virtually every sale made to business comes about as a result of a face-to-face encounter between a salesman and buyer. In terms of time, travel and other costs, this kind of selling is expensive—too expensive in most cases to justify selling to all those millions of small companies. The small fry, or midget firms, just don't buy enough, generally speaking, to justify the sales cost.

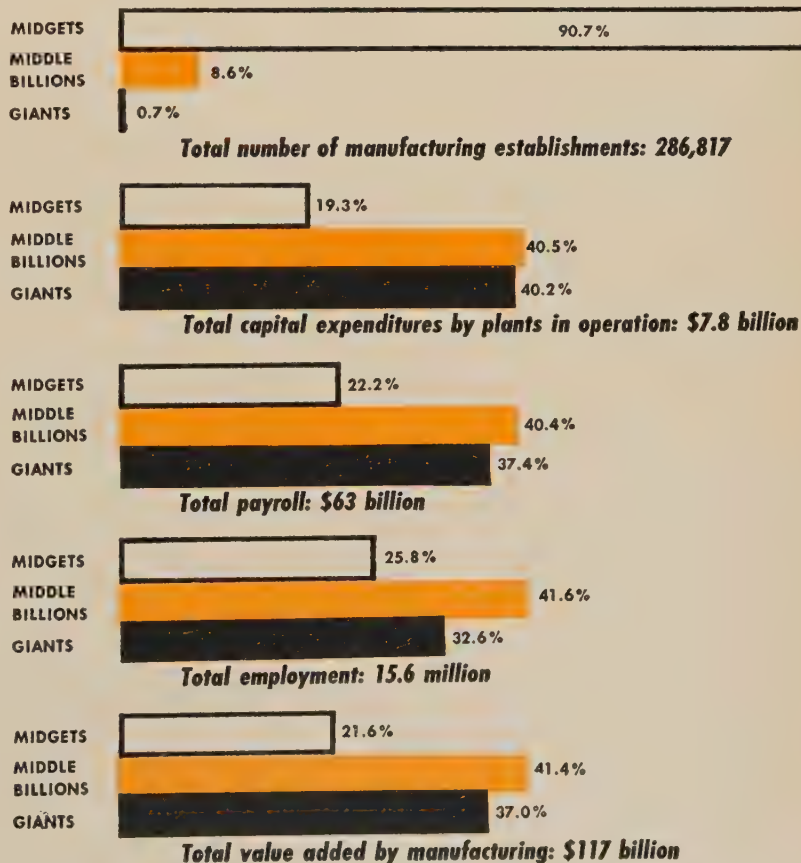
## YES!

But the business market is profitable—*highly profitable*—if you separate the wheat from the chaff.

Here's why: A small fraction of the nation's business firms buys the major portion of all goods and serv-

## A look at manufacturers

FIGURE 1. These figures show that in the field of manufacturing a relatively few firms—those with 100 or more employees—do most of the business (and most of the buying). For virtually every yardstick that can be used, the picture remains just about the same. And the same picture holds true for non-manufacturing industries.



Midget Firms—those with fewer than 100 employees; Middle Billions Firms—those with between 100 and 1,000 employees; Giant Firms—those with more than 1,000 employees

Source: U. S. Bureau of the Census "Census of Manufacturers: 1954." Chart includes all standard industrial classifications 20 through 30.



## IS THE BUSINESS MARKET PROFITABLE?

# NO!

It is an unprofitable market if you look at the market as a whole.

ices sold to business. If you concentrate sales effort on these few firms, your sales volume will go up, your sales costs will go down.

What method can be used to separate the wheat from the chaff?

Experience shows that the simple factor of company size does the job. The best way to measure company size, in this case, is by number of employees.

### The worthwhile market

Consider this fact:

There are only about 51,000 business establishments in this country with 100 or more employees.

These 51,000 establishments represent only about 1% of the total of 4.3 million firms in the country.

Yet these 51,000 are responsible for more than three-fourths of the nation's total business volume.

Obviously these 51,000 companies are the best customers in the business market.

It can be said, then, that you can identify your best business customers largely on the basis of their size.

The rule of thumb is that if a company has 100 or more employees, it is within the worthwhile—or profitable—segment of the business market.

### The middle billions

Don't stop there in your analysis of the business market. The biggest, most significant, most profitable step comes next.

This step is to divide the worthwhile segment of the business market into two parts.

Just as the worthwhile market was separated from the overall market on the basis of company size, the worthwhile market itself can be divided by company size.

Consider this:

Of the 51,000 business establishments with 100 or more employees, about 48,000 have between 100 and 1,000 employees, and the remaining 3,000 have more than 1,000 employees.

The giant firms—those with over 1,000 employees—are well known. They stand out because of their size.

The 48,000 remaining establishments in the worthwhile business market—those with 100 to 1,000 employees—are less well known. Not only are they smaller than the giants, but characteristically they are younger and spend far less on advertising than the giants.

Because the giants are big and well known, it is easy to assume that they represent the lion's share of the worthwhile business market. After all, isn't it safe to assume that the GE's, the GM's and the Du Pont's spend more money and buy more things than companies in smaller size categories?

The assumption is wrong.

This is the key fact to remember:

By virtually every yardstick, the companies in the 100 to 1,000 employee size category represent a market that is bigger, not only than all of the midget firms put together, but also bigger than all of the giant corporations put together.

Companies in the 100 to 1,000 employee size category are described as the "market in the mid-

dle billions" because they alone represent a multibillion dollar business market.

These 48,000 companies hold the single greatest undeveloped profit potential in the business market. Yet as a market, these prime buyers are frequently overlooked in the sales strategy of sellers to business.

### A look at manufacturers

To come in even closer on this picture, let's take a look at just the field of manufacturing. An analysis of government figures will show the sharp distinction between the unprofitable segment of the business market and the profitable, or worthwhile, segment. It will also show the dominant buying power of "middle billions" firms within the worthwhile market.

Latest government statistics show a total of 286,817 manufacturing establishments in this country.

Of these, 260,233, or 90.7%, have fewer than 100 employees; 24,576, or 8.6%, are in the "middle billions" category with 100 to 1,000 employees; and 2,008, or 0.7%, are giants with more than 1,000 employees.

As illustrated in *Figure 1* on page 53, the small manufacturers, although dominant in number, account for only about 20% to 26% of capital expenditures, value added by manufacturing, total payroll, total employment. The figures are about the same in other areas of measurement.

*Figure 1* shows clearly that the relatively few firms with 100 or more employees make most of the capital expenditures and do most of the



## IS THE BUSINESS MARKET PROFITABLE?

But the business market is profitable—  
highly profitable—if you separate the  
wheat from the chaff.

# YES!

business. These firms obviously represent prime customers if you sell a product used by business.

But within the worthwhile segment of the market, look at the relationship between "middle billions" firms and giants.

By every measurement shown in *Figure 1*, the giant manufacturers compose a big market—but the "middle billions" firms compose a segment of the market that is just as big—in fact, bigger.

The facts show that what is true in the field of manufacturing is also true in other fields of business and industry. The figures follow a general pattern.

### Accumulated facts

For some time, the MANAGEMENT METHODS research staff has been studying the business market, with special attention to the worthwhile segment of the market and the "market of the middle billions." A great wealth of information has been accumulated (see "*How to sell more to the business market*," *MM*, Aug., '59).

In a nutshell, the research shows that the "market of the middle billions" is economic to sell to because:

- It consists of companies small enough in number to be economically reached.
- Yet it consists of companies big enough in buying power to be worth reaching.
- And, because it consists of companies in every type of business and industry, it forms a measurable market for every kind of business product and service.

**Growth.** There's another key fact about "middle billions" firms. Whereas giant firms stand out because of their size, and midget firms are noticeable because of their numbers, "middle billions" firms are commonly recognizable by the characteristic of *growth*.

For many firms in the 100 to 1,000 employee category, dynamic growth is accepted as normal. The reason seems clear: these companies are large enough to possess the strength and resources for rapid expansion, yet small enough to have plenty of growth potential above them.

**Centralized management.** Another common characteristic of the "middle billions" firms is their centralized management. A high proportion of firms in the 100 to 1,000 employee category is dominated by just one man. And seldom are major decisions, including purchasing decisions, made by more than three or four men.

The reason again is related to company size. These companies generally have strong, capable men at the helm, which often explains why they have already grown to their medium sized status. Yet these companies are small enough that they do not generally need a large number of management people. The top man is able—and perhaps forced—to hold most, if not all, decision making responsibilities to himself.

These two major characteristics make for a unique selling situation—first, because growing companies make good customers for business products and services, and second,

because centralized management makes selling easier, faster, less costly.

### New research on the prime business market

A new research study on the business market has recently been completed by the MANAGEMENT METHODS research staff. This study amplifies, clarifies and validates the results of earlier studies. Here's how the new study was made:

Two separate questionnaires were constructed. One was called an "executive profile study." The other, a "corporate study."

The executive profile study was designed to create a statistical picture of top executives, particularly executives at the top of companies within the worthwhile segment of the business market.

The second questionnaire, the corporate study, was designed to create a statistical picture, not of executives, but of companies as a whole—specifically, companies in the "middle billions" size category.

Each of the questionnaires was sent to a random sampling of executives and companies throughout the country. The list used for these mailings provided a scientifically selected cross-section of the worthwhile layer of the business market. Thus, only a fairly small number of completed questionnaires was needed to provide an accurate reflection of the business market.

Over 1,400 usable questionnaires in the executive profile study were returned: over 800 in the corporate study were returned.

Detailed findings of the execu-



tive profile study were reported in **MANAGEMENT METHODS** last month, as the first half of this special research analysis. Chief finding of this study was that in most companies (even the giants) all major decisions are made by no more than five key men at the top.

Detailed findings of the corporate study are given in the section of tables that begins at the right and continues to page 60.

Note that in most cases median figures are presented, not averages, because the medians present a more accurate and more meaningful reflection of the facts compiled in the study.

What significance you draw from the corporate study findings will depend at least partly on the product or service you sell to business, and your company's particular sales problems.

But if you examine the tables closely for a few minutes, thinking in terms of your own business, you will find that you can make all kinds of valuable comparisons and analyses with the figures. A few general conclusions in capsule form are presented in the captions which accompany the tables.

### **Conclusion**

Regardless of the specific nature of your business, two general conclusions can be drawn from the new business market research studies.

First, if you sell to business you are wasting sales power and profits unless you select your business customers at least partly on the basis of their size. Your sales strategy should include the fact that the 51,000 companies in this country with 100 or more employees constitute the worthwhile segment of the business market. These companies buy most of what is sold to business.

Second, if your product or service is one that is designed to benefit business, and if its purchase involves a top management decision, then there is no more fruitful market for you than the "market of the middle billions," composed of those 48,000 companies in the country with between 100 and 1,000 employees. ■

## **A CLOSE LOOK AT**

# **the "market of the middle billions"**

**the 48,000 business establishments in this country that have between 100 and 1,000 employees and which compose the richest segment of the overall business market**

### **Explanation of statistics**

■ Statistics in these tables are drawn from a research project just completed by the Management Methods research staff.

A detailed survey questionnaire was sent to a scientifically selected sampling of the 48,000 establishments in the country with between 100 and 1,000 employees. As explained in the accompanying article, this relatively small number of middle sized firms compose a multibillion dollar market for sellers of business products and services. Thus these 48,000 business establishments have been labeled the "market of the middle billions."

Also participating in the survey were some firms with fewer than 100 employees, as well as some with more than 1,000 employees. Findings for the under 100 employee category are reported in the tables. It should be pointed out that the statistics shown for these small companies are not representative of all companies with fewer than 100 employees. However, in the 100 to 1,000 employee size category, the figures are representative of all companies in this size category, because of the scientifically selected sample used for these companies.

**Survey base.** A total of 804 completed survey returns serves as the base for the statistics given in these tables. Of these, 596 were from manufacturing firms. Because of this high proportion, separate statistics for manufacturing firms have been included in many charts.

**Size breakdowns.** All tables are broken down into five employee size categories. The first column covers the entire "market of the middle billions," i.e., firms with between 100 and 1,000 employees. The next three columns break down the "middle billions" firms into three subdivisions by size. The final column gives figures for the surveyed companies in the under 100 employee size category. This last column is included for purposes of comparison only.

**Medians used.** Note that median figures are presented, not averages, because the medians present a more accurate and more meaningful reflection of the facts compiled in the study.

**Analysis.** Captions under the tables provide a token analysis only. Significance you draw from the figures will depend in part on the nature of your business, and how you sell to the business market.

In total, these figure tables provide a statistical picture of this country's middle sized businesses and, to a much lesser extent, small businesses. Individual companies, of course, will vary perhaps drastically from the "average." But the figures are representative of the whole. You may find it interesting to compare your own company with the findings in this corporate study and, if you sell a product or service to the business market, you will certainly find the figures valuable in planning your sales strategy.



Table 1. Sizes of firms participating in study

|                    | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|--------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| All types of firms | 79.5%                     | 10%                       | 22.4%                   | 47.1%                   | 20.5%                  |
| Manufacturers only | 79.5                      | 8.6                       | 23                      | 48                      | 20.5                   |

A total of 804 firms participated in the study. Of these, 596 were manufacturing firms; the others represented all non-manufacturing classifications of business. This table shows what percentage of the firms are in each of the size

categories by number of employees. Note that for all types of firms and for manufacturers only, the figures are almost identical.

Table 2. Sales Volume (median dollars)

|                                    | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|------------------------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| <b>All types of firms:</b>         |                           |                           |                         |                         |                        |
| Last year's sales volume           | \$3,850,000               | \$ 9,375,000              | \$5,494,000             | \$2,431,000             | \$850,000              |
| This year's estimated sales volume | 4,195,000                 | 10,469,000                | 6,196,000               | 2,810,000               | 893,000                |
| <b>Manufacturers only:</b>         |                           |                           |                         |                         |                        |
| Last year's sales volume           | \$3,578,000               | \$ 9,765,000              | \$5,147,000             | \$2,230,000             | \$647,000              |
| This year's estimated sales volume | 3,712,000                 | 10,772,000                | 6,076,300               | 2,520,000               | 716,000                |

These figures show the "average" annual sales volume of firms in the various size categories, plus a comparison of sales volume last year and estimated sales this year. Note

that sales are up this year despite a planned reduction in capital expenditures (see Table 7).

Table 3. Advertising expenditures (median dollars)

|                                                | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|------------------------------------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| <b>All types of firms:</b>                     |                           |                           |                         |                         |                        |
| Last year's advertising expenditures           | \$34,444                  | \$86,057                  | \$57,290                | \$20,137                | \$12,038               |
| This year's estimated advertising expenditures | 35,365                    | 85,000                    | 60,795                  | 20,800                  | 12,380                 |
| <b>Manufacturers only:</b>                     |                           |                           |                         |                         |                        |
| Last year's advertising expenditures           | \$33,194                  | \$81,875                  | \$56,250                | \$20,120                | \$12,260               |
| This year's estimated advertising expenditures | 35,147                    | 84,375                    | 60,715                  | 20,520                  | 12,420                 |

"Middle billions" firms don't spend huge budgets on advertising. Consequently, they have to get the best they can from every dollar they do spend. Relatively small advertising budgets are one reason why "middle billions" firms are

often overlooked as the richest segment of the overall business market. Because their advertising is not heavy, these firms are not well known. Note that advertising expenditures are up very little this year over last year.

Charts continued ►



**Table 4. Firms whose operations are national in scope**

|                        | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|------------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| All types of firms     | 58.4%                     | 63.5%                     | 66.5%                   | 53.6%                   | 49.7%                  |
| Manufacturers only     | 70.7                      | 81.3                      | 77.0                    | 65.7                    | 59.3                   |
| Non-manufacturers only | 21.2                      | 30.8                      | 28.9                    | 14.9                    | 17.1                   |

*In the "middle billions" size category, most manufacturing firms are national in the scope of their business operations, but most non-manufacturing firms are regional or local*

*businesses. As size goes up, there is a natural tendency for more firms to grow to national proportions.*

**Table 5. Firms with multiple corporate structure (all types of firms)**

|                                                       | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|-------------------------------------------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| Percentage of firms with multiple corporate structure | 27.3%                     | 33.8%                     | 32.8%                   | 23.3%                   | 16.6%                  |
| Median number of units in the multiple structure      | 3.5                       | 4.4                       | 3.5                     | 3.3                     | 3                      |

*About one out of every four companies in the "middle billions" size category has a multiple corporate structure (i.e., subsidiaries, autonomous divisions, jointly managed companies, etc.). Not surprisingly, as companies get bigger, they are more likely to take on a multiple corporate struc-*

*ture. For example, among companies with between 250 to 1,000 employees, about one in three has a multiple structure. There is a surprising consistence across the size spectrum of number of units in the multiple structure—three or four.*

**Table 6. Location and ownership of general offices and plant**

|                                        | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|----------------------------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| <b>All types of firms:</b>             |                           |                           |                         |                         |                        |
| Office and plant at same location      | 81.6%                     | 58.7%                     | 79.4%                   | 87.3%                   | 86.9%                  |
| Office and plant at separate locations | 18.4                      | 41.3                      | 20.6                    | 12.7                    | 13.1                   |
| Firms own their buildings              | 82.7                      | 81.8                      | 83.1                    | 82.6                    | 77.8                   |
| <b>Manufacturers only:</b>             |                           |                           |                         |                         |                        |
| Office and plant at same location      | 87.4%                     | 68.0%                     | 86.7%                   | 91.2%                   | 89.3%                  |
| Office and plant at separate locations | 12.6                      | 32.0                      | 13.3                    | 8.2                     | 10.7                   |
| Firms own their buildings              | 85.4                      | 83.7                      | 88.2                    | 84.3                    | 83.8                   |

*Most companies in the "market of the middle billions" have their office and plant united at the same location. However, as company size increases, there is more tendency for the administrative functions to be physically separated from the operating functions. Note that in manufacturing it is*

*more common for administrative and operating functions to be together than for business as a whole. Note also that there is a slightly stronger tendency for manufacturing firms to own their buildings.*



**Table 7. Planning to buy or lease equipment**

|                                     | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|-------------------------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| <b>All types of firms:</b>          |                           |                           |                         |                         |                        |
| Planning to buy or lease major new: |                           |                           |                         |                         |                        |
| Plant equipment                     | 47.8%                     | 45.1%                     | 52.1%                   | 46.2%                   | 28.3%                  |
| Office equipment                    | 22.0                      | 30.1                      | 27.7                    | 17.4                    | 11.5                   |
| Transportation equipment            | 31.7                      | 46.3                      | 32.2                    | 28.5                    | 20.0                   |
| <b>Manufacturers only:</b>          |                           |                           |                         |                         |                        |
| Planning to buy or lease major new: |                           |                           |                         |                         |                        |
| Plant equipment                     | 52.9%                     | 51.0%                     | 35.0%                   | 51.4%                   | 36.9%                  |
| Office equipment                    | 21.5                      | 27.4                      | 30.7                    | 16.1                    | 10.7                   |
| Transportation equipment            | 27.6                      | 33.3                      | 32.1                    | 24.4                    | 19.7                   |

Here is strong evidence of the buying power of "middle billions" firms. These figures reflect buying or leasing planned for a period of only a few months. Unquestionably, if the respondents had been asked to predict their acquisitions for a year, for example, the percentages would be even higher. Note that about half of the respondents said they plan to acquire major new plant equipment, nearly a fourth plan to acquire major office equipment, and well over a fourth plan to acquire trucks or other transportation

equipment. Although a chart is not shown for it, statistics were compiled on how many of the firms plan to acquire their equipment by purchase or by lease. Here are figures for all types of firms in the 100 to 1,000 employee category: of those planning to acquire new plant equipment, 84% will buy it rather than lease it; for office equipment, 73% will buy it; and for transportation equipment, 74% will buy it. Notwithstanding the size of these figures, a huge leasing market remains.

**Table 8. Types of employees (manufacturers only)**

| Job function             | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|--------------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| Total employees (median) | 186 (100.0%)              | 749 (100.0%)              | 314 (100.0%)            | 152 (100.0%)            | 71 (100.0%)            |
| Sales                    | 13 ( 7 %)                 | 30 ( 4 %)                 | 18 ( 5.8%)              | 9 ( 6.7%)               | 6 ( 8.5%)              |
| Clerical/administrative  | 22 ( 11.8%)               | 77 ( 10.3%)               | 34 ( 10.8%)             | 17 ( 11.2%)             | 8 ( 11.3%)             |
| Production               | 151 ( 81.2%)              | 642 ( 85.7%)              | 262 ( 83.4%)            | 126 ( 82.8%)            | 57 ( 80.2%)            |

As manufacturing companies increase in size, they tend to become somewhat more efficient, in terms of personnel utilization. This table shows that as size increases, the relative proportion of sales and administrative people goes

down, the relative proportion of production people goes up. In the "average" manufacturing concern within the "middle billions" size category, about eight out of ten employees are production workers.

**Table 9. Net worth, capital equipment and expenditures (median dollars)**

|                                  | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|----------------------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| <b>All types of firms:</b>       |                           |                           |                         |                         |                        |
| Net worth                        | \$1,070,000               | \$2,663,000               | \$1,160,000             | \$427,300               | \$293,000              |
| Plant & capital equipment        | 504,000                   | 1,000,000                 | 615,000                 | 268,600                 | 122,500                |
| 1959 capital expenditures        | 91,200                    | 268,800                   | 93,400                  | 39,200                  | 13,250                 |
| 1960 capital expenditures (est.) | 70,930                    | 242,100                   | 92,700                  | 40,800                  | 12,300                 |
| <b>Manufacturers only:</b>       |                           |                           |                         |                         |                        |
| Net worth                        | \$1,155,770               | \$3,810,000               | \$1,750,000             | \$722,100               | \$400,900              |
| Plant & capital equipment        | 576,390                   | 2,250,000                 | 767,000                 | 430,100                 | 171,000                |
| 1959 capital expenditures        | 63,315                    | 237,500                   | 94,170                  | 39,100                  | 19,950                 |
| 1960 capital expenditures (est.) | 66,290                    | 241,700                   | 87,500                  | 40,280                  | 19,500                 |

These figures give a thumbnail financial sketch of the "average" company in the various size categories. Note that for many categories, the figure for estimated 1960

capital expenditures is lower than the figure for capital expenditures for 1959.

Charts continued ►



**Table 10. Planning to build, modernize or relocate plant**

|                            | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|----------------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| <b>All types of firms:</b> |                           |                           |                         |                         |                        |
| Planning to build          | 15.0%                     | 20.0%                     | 20.6%                   | 11.3%                   | 7.9%                   |
| Planning to modernize      | 11.4                      | 10.0                      | 12.2                    | 11.3                    | 10.3                   |
| Planning to relocate       | 6.3                       | 6.3                       | 5.6                     | 7.0                     | 4.8                    |
| <b>Manufacturers only:</b> |                           |                           |                         |                         |                        |
| Planning to build          | 16.2%                     | 23.5%                     | 22.6%                   | 11.9%                   | 8.2%                   |
| Planning to modernize      | 13.3                      | 15.7                      | 13.1                    | 12.9                    | 10.7                   |
| Planning to relocate       | 6.5                       | 9.8                       | 5.8                     | 6.3                     | 5.7                    |

**Table 11. Planning to build, modernize or relocate sales offices**

|                            | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|----------------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| <b>All types of firms:</b> |                           |                           |                         |                         |                        |
| Planning to build          | 5.8%                      | 10.0%                     | 7.8%                    | 4.0%                    | 3.0%                   |
| Planning to modernize      | 6.1                       | 3.8                       | 6.1                     | 6.7                     | 3.0                    |
| Planning to relocate       | 2.5                       | 2.5                       | 2.2                     | 2.6                     | 1.8                    |
| <b>Manufacturers only:</b> |                           |                           |                         |                         |                        |
| Planning to build          | 4.4%                      | 3.9%                      | 8.8%                    | 2.4%                    | 3.3%                   |
| Planning to modernize      | 7.4                       | 5.9                       | 8.0                     | 7.3                     | 2.5                    |
| Planning to relocate       | 1.9                       | —                         | 3.0                     | 1.7                     | 1.6                    |

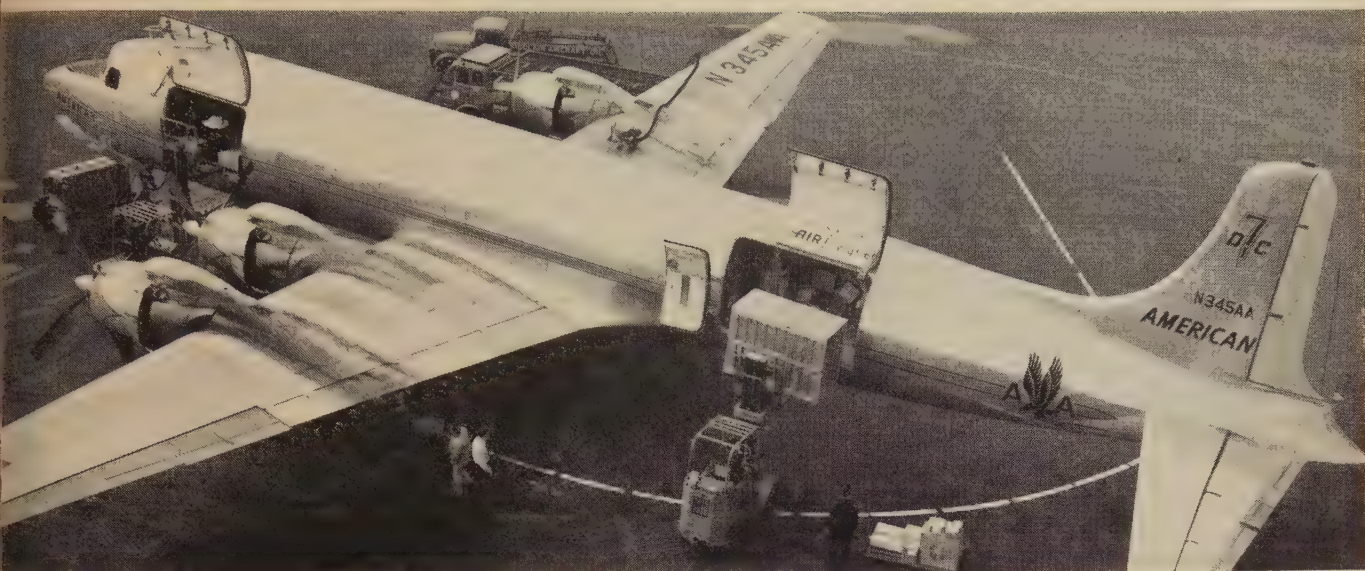
**Table 12. Planning to build, modernize or relocate distribution facilities**

|                            | 100 to 1,000<br>employees | 500 to 1,000<br>employees | 250 to 500<br>employees | 100 to 250<br>employees | Under 100<br>employees |
|----------------------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------|
| <b>All types of firms:</b> |                           |                           |                         |                         |                        |
| Planning to build          | 5.3%                      | 13.8%                     | 4.4%                    | 4.0%                    | 4.2%                   |
| Planning to modernize      | 2.0                       | 3.8                       | 2.8                     | 1.3                     | 3.6                    |
| Planning to relocate       | 5.8                       | 10.0                      | 4.4                     | 5.5                     | 0.7                    |
| <b>Manufacturers only:</b> |                           |                           |                         |                         |                        |
| Planning to build          | 3.2%                      | 7.8%                      | 3.6%                    | 2.1%                    | 2.5%                   |
| Planning to modernize      | 1.3                       | —                         | 1.5                     | 1.4                     | 2.5                    |
| Planning to relocate       | 4.9                       | 11.8                      | 2.2                     | 4.9                     | —                      |

Figures in these three tables reflect the tremendous amount of growth planned over the next year or two by firms in the "middle billions" size category. Directly, the figures show the extent of the market for construction materials and

services. Indirectly, the figures show the extent of the market for all kinds of products and services used by business and industry, since growing companies are obviously in the "age of acquisition."





## Why the big swing to air freight?

New facts—just uncovered by the Management Methods research staff—reveal that nearly all firms that ship anything are now using air freight. Money saving is just one advantage. Others are listed in the article. With jet freighters coming in a month or so, the profitability of air shipping may well be triple. This article tells why *now* might be the time for you to “get aboard” the air freighters.

**■** If you ship anything, from toothpicks to computers, air freight offers you several indisputable advantages. (A detailed summary of these advantages follows in the next section.)

More firms than ever before are waking up to the fact that air shipping is highly profitable. For instance, 75.3% of the firms answering a new MANAGEMENT METHODS survey now ship via air. About 25% of those who answered don't use air freight. But more than four-fifths of that 25% have never even considered shipping by air.

The fact is that profit conscious

companies are turning daily to air shipping as a cost cutting, money making business tool. As further evidence, consider these figures from the Air Transport Association:

■ 1950: 953,000,000 ton miles flown by air freight carriers.

■ 1955: 2,160,000,000 ton miles flown.

■ 1960: 3,600,000,000 ton miles flown.

These figures represent the growth of the air freight industry. It has grown for two reasons: more firms are using it, more often.

What does this mean to your firm? Just this: if you are not now





using air freight, the competition that is using it might leave you behind—sitting on the ground while their profits take off.

#### Where are the profits?

Shipping by air can save you money and build your profits. How? Read this list.

**Chop distribution costs.** Distribution expenses are a large part of the price of doing business. But air freight rates are dropping. Some rates dropped as much as 50% in 1960. Soon-to-come jets will push air freight rates down even further.

**Reduce inventory, warehouse expenditures.** It's costly to maintain several warehousing and storage facilities. Shipping by air can eliminate the need for many warehouses, especially if you distribute to distant points.

**Boost customer service.** Every customer appreciates prompt service. Air freight shipments can reach a customer 3,000 miles away in one working day.

**Cut "dead time" of goods in transit.** Goods in transit represent idle money. The longer the transit time, the longer your investment in inventory is tied up. Air shipments can get to almost any place in the world within 48 hours. Faster inventory turnover means quicker earnings, smaller inventories, lowered financing charges—plus satisfied customers.

**Get 24-hour, door-to-door, cross country deliveries.** New arrangements between air freight firms and

trucking companies (American Airlines' "Truckair" is one) mean that there can now be overnight deliveries between smaller towns all over the country.

In the past, firms considered air freight a very costly method of shipping. That's because they looked at rates alone. But this is the question to ponder: can air freight lower your total distribution cost?

#### Who is using air freight?

What kind of firms are using air freight? Manufacturing? Construction? Finance? Service? Others?

How big are these firms? Can only the giants profit from air freight? Or is air shipping equally profitable for small and medium sized firms?

Here are the facts.

In every kind of industry where goods have to move, firms ranging in size from midget to colossus are now using air freight profitably.

Here, direct from MANAGEMENT METHODS survey findings, is the breakdown by size of the firms that are using air freight. (The size of the firms is represented by the number of employees. Experience shows this is the easiest and most universally applicable yardstick to use.)

- 19.8% of firms using air freight have less than 100 employees.

- 28.4% of these firms have from 100 to 249 employees.

- 29.9% of these firms have from 250 to 1,000 employees.

- 21.9% of these firms have over 1,000 employees.

Note that well over 50% of the air freight business comes from the firms in the 100 to 1,000 employees category. Previous MANAGEMENT METHODS research has shown that these are the real growth companies, companies that are chalking up higher profits each year. It stands to reason that these firms would not use air freight so extensively if it were not a profit maker.

Note also that the number of giants which use air freight is very close to the number of under-100-employee firms that use it. Air freight is not limited only to "those firms with the money to spend on it."

#### How often is air freight used?

Air freight, once used infrequently as an emergency method of shipping, is now used regularly by a good number of companies.

The MANAGEMENT METHODS survey shows that 22.6% of the responding firms that use air freight now ship by air regularly. More than half, 52.6%, report that they use air freight occasionally. The rest, 24.8%, use air freight rarely.

Here's why more firms are not now regularly shipping by air.

One reason is that many companies are just beginning to realize the market expansion possibilities that air freight offers. With air shipments, it is possible to get products and supplies to new markets quickly. It is not necessary to lease huge warehouses and store large quantities of items. As more firms become aware of these possibilities, they will increase their use of air freight.

A second reason is that air freight might not be suitable for every firm. If most of their markets are close by, these firms might use air shipments only when a distant emergency arises.

Even now, many companies are increasing their use of air freight. Of the number that responded to the survey, 43.2% stated that as of this moment, their use of air shipments is on the rise. About 55% reported no change in their air shipment volume right now. Only 1.2% said that their use of air freight was decreasing.

#### "Why don't you ship by air?"

One key question the survey covered is this: Why don't you use air freight? Consider these replies.



"We find that the average weight of our shipments is too high." This reason was given more often than any other. Yet the fact is that such heavy items as computers are sent regularly by air. In one rare instance, even a load of cement was shipped by air. For a complete list of items that frequently go by air, see product listing, at right.

"We consider air freight too costly." This was the next most frequent reply. Yet with air freight rates dropping drastically, and total distribution costs taken into consideration, this argument might no longer be valid.

"Our present distribution operation is adequate." This reply was mentioned only by a handful of companies. And the fact is that air freight does not work as a profitable distribution for every firm. But for a small, locally distributing firm that wants to increase its markets rapidly and cheaply, air freight might be the answer.

"We're satisfied with other services." This, too, was an infrequent response. It's true that many companies can use surface transportation more profitably than air freight. But air shipments, in time of emergency, can often be a valuable extension of an existing distribution pattern.

"There's no air service available." While few firms mentioned this problem on the returned questionnaires, it has been complicated and costly for firms in outlying areas to take advantage of air shipping. However, with airline-truck cooperatives (see box, page 64), this problem is on the way to solution.

### "Ship it to me by air"

Another key fact turned up by the survey is this: sometimes companies specifically ask to have their supplies flown to them.

By actual count, 82.8% of the answering firms have directed, at one time or another, that incoming shipments be shipped by air freight.

If you're a shipper, the significance of this statistic is obvious. Customers like, and even demand, prompt service. As one supplier commented: "We like to beat our customers to the punch. We advertise that we ship almost everything by air. Our customers appreciate the fact that we're thoughtful enough to get their orders to them

## SUMMARY OF SURVEY FINDINGS

75.3% of firms (232) presently making shipments via air freight.

24.6% of firms (76) not using air freight.

Of firms not using air freight, 81.6% (62) have never considered using it. Of 2,000 questionnaires sent, 308 replies were received.

### Breakdown of air freight users by company size:

| NUMBER OF EMPLOYEES | NUMBER OF FIRMS | PERCENT |
|---------------------|-----------------|---------|
| under 100           | 46              | 19.8%   |
| 100-249             | 66              | 28.4%   |
| 250-999             | 69              | 29.8%   |
| 1,000 and over      | 51              | 22.0%   |
| total               | 232             | 100%    |

### Firms using air freight described usage as:

|            | NUMBER OF FIRMS | PERCENT |
|------------|-----------------|---------|
| Regular    | 53              | 22.6%   |
| Occasional | 122             | 52.6%   |
| Rare       | 57              | 24.8%   |
| total      | 232             | 100%    |

### Firms using air freight stated their present use is:

|              | NUMBER OF FIRMS | PERCENT |
|--------------|-----------------|---------|
| Increasing   | 98              | 43.2%   |
| Not changing | 129             | 55.6%   |
| Decreasing   | 5               | 1.2%    |
| total        | 232             | 100%    |

### Firms not using air freight, but who have considered it, gave the following reasons why:

|                                              | NUMBER OF MENTIONS |
|----------------------------------------------|--------------------|
| Average weight of shipments too high         | 13                 |
| Considered too costly                        | 11                 |
| Present distribution operation adequate      | 7                  |
| Satisfied with other freight service         | 4                  |
| Other (not needed, no service, not suitable) | 5                  |
| total                                        | 40                 |

### Asked how they would seek further information about air freight, 236 of the 308 firms gave the following answers:

| THEY WOULD SEEK:                                              | NUMBER OF MENTIONS | PERCENT |
|---------------------------------------------------------------|--------------------|---------|
| Air freight firms or representatives                          | 183                | 59.1%   |
| Management consultant                                         | 5                  | 1.6%    |
| Business friend using air freight                             | 19                 | 6.2%    |
| Published material, Yellow Pages, Transportation broker, etc. | 19                 | 6.2%    |
| Present non-air shipper                                       | 10                 | 3.2%    |
| No answer                                                     | 72                 | 23.7%   |
| total                                                         | 308                | 100.0%  |

### Items now shipped by air

Firms, using air freight, that responded to the Management Methods survey report that they ship the following products by air:

Machine parts, machine tool parts, aircraft engines & parts, rivets, hand tools, hardware, office supplies, optical specialties, cameras, film, printed material (magazines, books, etc.), candy, furniture, windows, jalousies, printing plates & dies, oil field equipment, rock bits for oil wells, building materials, seeds, wine, liquor, brandy, photographs, chemicals & drugs, bearings, forgings, pipe fittings, wearing apparel, air conditioners, fans, advertising, display material, paper, electronic equipment, communications equipment, sugar, household equipment, yarn, plastics, aluminum, vaccine, vehicle parts, footwear, paints, lacquers, precious metals, adhesives, canned goods, foods, metal wire, vinyls, sewing machines, lab supplies, equipment, pumps, tractor parts, steel, sheet metal products, aluminum windows, castings, bearings.



speedily. I might add that we ship heavy machine parts."

### Where does air freight go?

Most air freight users in the U. S. ship only to domestic terminals. As indicated by the survey, 71.1% of the answering companies confine their air shipments to the continental United States.

But here is a significant finding. Well over one quarter of the responding firms, 28.9%, reported that they used air freight for transcontinental shipments. (Among the places that these air shipments go to are: Europe, South America, Central America, Great Britain, Australia, Japan, Hawaii, the Philippines, the Far East, Egypt.)

Here's why this finding is important. U. S. firms are finding it increasingly profitable to enter the world market. One key way to supply this huge market is by air.

### Whom can you contact?

Suppose you want to find out whether air freight can be profitable for you. Whom do you contact?

You can follow the example of the firms covered in the MANAGEMENT METHODS survey.

■ A large bulk of the firms, 59.1% said they would first contact an air freight carrier company directly.

Here are the rest of the replies:

■ 6.2% said they'd contact a business friend using air freight.

■ 6.1% said they would go to the Yellow Pages, their own traffic department or purchasing agent, a broker or published material.

■ 3.2% said they would ask their present non-air shipper.

■ 1.6% said they would ask a management consultant.

■ 23.7% gave no answer.

### Who answered the survey?

Well over one-third of the men who answered the MANAGEMENT METHODS survey, 35.8%, are top corporate officers: directors, board chairmen, presidents and assistants-to-the-president, vice presidents, secretary-treasurers and controllers.

Research shows these are the men who make the decision to use air freight. They are also the men who best know its profitability.

About 60% of the returned questionnaires came from men directly involved in the shipping operation: traffic managers, purchasing agents, department heads, supervisors, engineers and cashiers.

About 4% of the returned survey contained no title.

### How this survey was done

MANAGEMENT METHODS editors sent questionnaires to 2,000 top managers in firms of all sizes in five different states: California, Connecticut, Florida, Wisconsin and New York. Four hundred firms in each of these states were surveyed.

Of the 2,000 questionnaires, 308 were completed and returned. This was a 16% return. The 308 completed questionnaires form the basis for this research report.

Of the 308 answering companies 232 now use air freight (75.3%). Seventy-six firms (24.6%) do not ship by air, but of that 76, 62 have not even considered using air freight.

### One final word

There is no doubt that air freight facilities can give many firms a strong competitive lever. Consider this comment from one president whose manufacturing firm began using air freight two years ago.

"To maintain our profits, we have had to seek out new markets. To help us serve this extended market we have turned to air shipping. Now shipments get to their destinations faster and often at less cost."

"We can now get raw materials quicker, too. Since we don't have to keep so much on hand, we're in a better position to cope with market or production changes."

"What does this mean in terms of profits? For one thing, we don't have money sitting idle while equipment spends costly time in transit. For another, we can push into new markets—and keep them supplied—better than ever before."

"We're gearing our entire operation to air shipping. We'll have a sizeable jump on our competition when air freight becomes as widely used as surface shipping is now."

It's a fact that shipping by air can save many firms money, as well as strengthen their competitive positions. In view of this, now might be the time for your firm to "get aboard" the air freighters. ■

### Air-truck plans link remote areas

Even small plants in remote areas can now take advantage of air freight, due to new cooperative arrangements between airlines and truck lines. These cooperatives, which fall into three categories, do much to destroy one of the most common arguments against air freight, i.e., "We're pretty far from a major airport."

Briefly, here's how each of these services works.

**Air freight forwarders.** These firms sell air freight space on nearly every airline. They also arrange for delivering the freight to the airport, and see that it is picked up at the destination for delivery to the customer. A spokesman for one air freight forwarder, Emery Air Freight Corp., says, "All the shipper does is tell us what he wants to ship and where it is to go. We handle everything else. He gets only one bill, which greatly reduces his paperwork."

**Airline-truck cooperatives.** A few airlines (American, Flying Tiger and Northwest) have made special arrangements with trucking firms in order to extend their services to outlying areas. Benefits are: *reduced paperwork* (one bill of lading suffices where often three were required); *time saved* (shipper deals with one firm instead of several); and *single rate tariff* (with this arrangement, a single rate tariff is imposed rather than a combination of truck and air rates. Cost is similar to the present "two rate" system).

**Pick-up and delivery negotiators.** There's a non-profit company, Air Cargo, Inc., which represents 34 domestic and foreign air freight carriers. It arranges for truck deliveries to and from any of the cities these 34 airlines cover. Only reliable truckers are picked.

Airlines represented by Air Cargo, Inc., are: Aaxico, Alaska, Allegheny, American, Bonanza, Braniff Airways, Capital, Central, Continental, Delta, Eastern, Flying Tiger, Frontier, National, New York Airways, North Central, Northeast, Northwest, Ozark, Pacific, Pacific Northern, Piedmont Aviation, Riddle, Southern Airways, TWA, Trans-Texas Airways, United, West Coast, Western, Air France, Pan American, SAS, Seaboard & Western, and Trans-Canada.



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*all* the rest—delivering the answer at *twice the high-  
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Model 28-STA with all-Naughahyde  
upholstery, \$67.95 (\$71.95 in zone 2)

Model 25-S  
Secretarial Chair  
**\$42.95\***  
(\$46.95 in Zone 2)



Model 27-LA  
Conference  
Arm Chair  
**\$39.95\***  
(\$43.95 in Zone 2)

\*Models 25-S and 27-LA are priced with all-Naughahyde upholstery. Zone 2: Texas and 11 western states.

(Circle number 113 for more information)



## A better way to run a business

Here's a way to

### GIVE A STAKE IN YOUR COMPANY

Instead of giving employees cash at Christmas, why not present each one with "stock-in-a-stocking" as a yuletide bonus.

TelAutograph Corp. last year gifted its entire staff of over 400



President Lee presents one of his employees with a share in the firm.

Individuals with actual shares in the company.

President Raymond E. Lee says the stock gift is just one step in a long range plan to foster sound employee relations.

Here's a way to

### HAVE CLINICALLY CLEAN WORKING AREAS

Originally introduced for hospital use, a new vacuum cleaner is answering critical needs of industry.



almost aseptically clean work areas, such as computer departments and "white rooms."

The Microstatic vacuum, developed by the Kent Co., Inc., has a special impaction type filter which traps particles as small as 0.3 microns. The machine exhausts sterile air with an airflow pattern that does not disturb uncleaned sections.

At Remington Rand's critical assembly area in St. Paul, the new vacuum is proving its ability to fill the need for micro-clean atmosphere.

Other applications for the vacuum include laboratories, food processing, and safe handling of hazardous dust materials such as beryllium, silica and other dusts which can be toxic if ingested by personnel.

If you want details on this Kent Microstat vacuum cleaner, circle number 222 on the Reader Service card opposite page 96.

There's a way to

## LET WORKERS' SMALL FRY TO MISS AMERICA ACT

Titles are all but forgotten at the annual old fashioned picnic of the American Hardware Corp. That is, but one title proclaiming the "Miss American Hardware." This year the coveted crown went to Charmer Murlene, pretty 4½ year daughter of Draftsman Worden.

The small fry contest has been a



beauty among two-to-six year olds Miss American Hardware Contest.

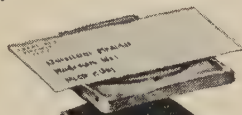
## Working for you or against you?

*Checked your mailing scale lately? If it's worn, weak or stiff, it may be working against you.*

*By overweighing! An unnecessary extra four cents postage on as few as ten letters a day runs into a hundred dollars a year—wasted!*

*By underweighing! Mail that arrives "Postage Due" can antagonize your customers and prospects. Or may be returned for you to pay the postage due.*

*An honest and accurate mail scale soon pays for itself in any office!*



Pitney-Bowes scales are precision weighing instruments. The automatic mechanism doesn't deteriorate with use, stays accurate year after year. Markings are big, and easy to read. The quick-acting hairline indicator shows the exact postage required. Mailing is faster and easier. And you're sure every piece of mail has the right postage.

PB has seven scale models. One has an international postage chart, for foreign mail. One is for parcel post, with 70 lb. capacity. There's a little beam scale for the smallest office. Ask the nearest Pitney-Bowes office about the right scale for you. Or send the coupon for free illustrated booklet.

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Name

Address

(Circle number 151 for more information)



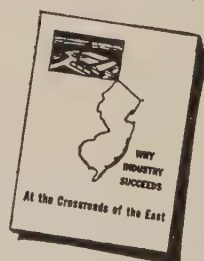
# LOOK AT NEW JERSEY



## The Industrial Bridge ...in the World's Richest Market

New Jersey is the industrial bridge between the markets of New York City and Philadelphia. With the highest density of population in the nation, New Jersey has a huge diversity of skills, a vast rail and highway network, unmatched world port facilities and over 500 research centers. Sixty-one out of the 75 largest companies in America have operations in the state.

For more facts, on "Why Industry Succeeds . . . at the Crossroads of the East" write Box X, Public Service Electric and Gas Company, 96 Park Place, Newark 1, New Jersey.



high spot for the past 11 years the company all-day get-together. More than 2,000 children—most of them of Miss America caliber—attended. The contest caused disappointments either, since a candidate received a prize. If finalists received special awards with a giant pink panda going to the top beauty.

A committee of employees served as judges for the event. Several New England TV and radio stations and newspapers gave publicity to the contest.

### Here's a way to ENCOURAGE COURTESY TO CUSTOMERS

Sometimes, personnel that greet and meet or serve the public are short on time, temper and common courtesy.

Attentiveness, expressed willingness to be of service can go a long way in convincing folks that your firm is a good one to do business with. A smile, an added courtesy and an understanding attitude will mollify people with fancied or real complaints.

To remind employees that courtesy actually pays, Merchandise Mart National Bank, Chicago, instituted this plan. It could easily be adapted by any company with personnel who routinely deal with the public—salesclerks, service, credit, complaint and checking departments, lost and found departments, receptionists, delivery boys and messengers.

Each month one or more of the bank's 33 tellers is cited for acts of outstanding courtesy to customers. An independent judging agency makes the selection.

Each winner receives \$50 in cash and an attractive "Teller of the Month" nameplate for his window. This he displays as a mark of distinction to fellow employees and customers until the next month's winner is chosen.

Although courtesy has long been emphasized at this bank located at the Merchandise Mart, this marks the first time a contest has been held. The competition was launched with a number of informal get-togethers for tellers. A series of short skits, depicting typical customer relations problems, drew



tized the right way to handle these very important people. Since the plan was started, affability of both employees and customers has shown a marked prevalence.

Here's a way to

## HELP YOUR DEALERS SELL MORE

It's obvious that your company will earn more profits if your dealers sell more of your products.

Taking this line of reasoning, Johnson & Johnson, embarked on a top, look and listen program 15 years ago that is designed specifically to help drug dealers sell more. Johnson & Johnson provides its store-wide Improvement Program as a free service to retail druggists.

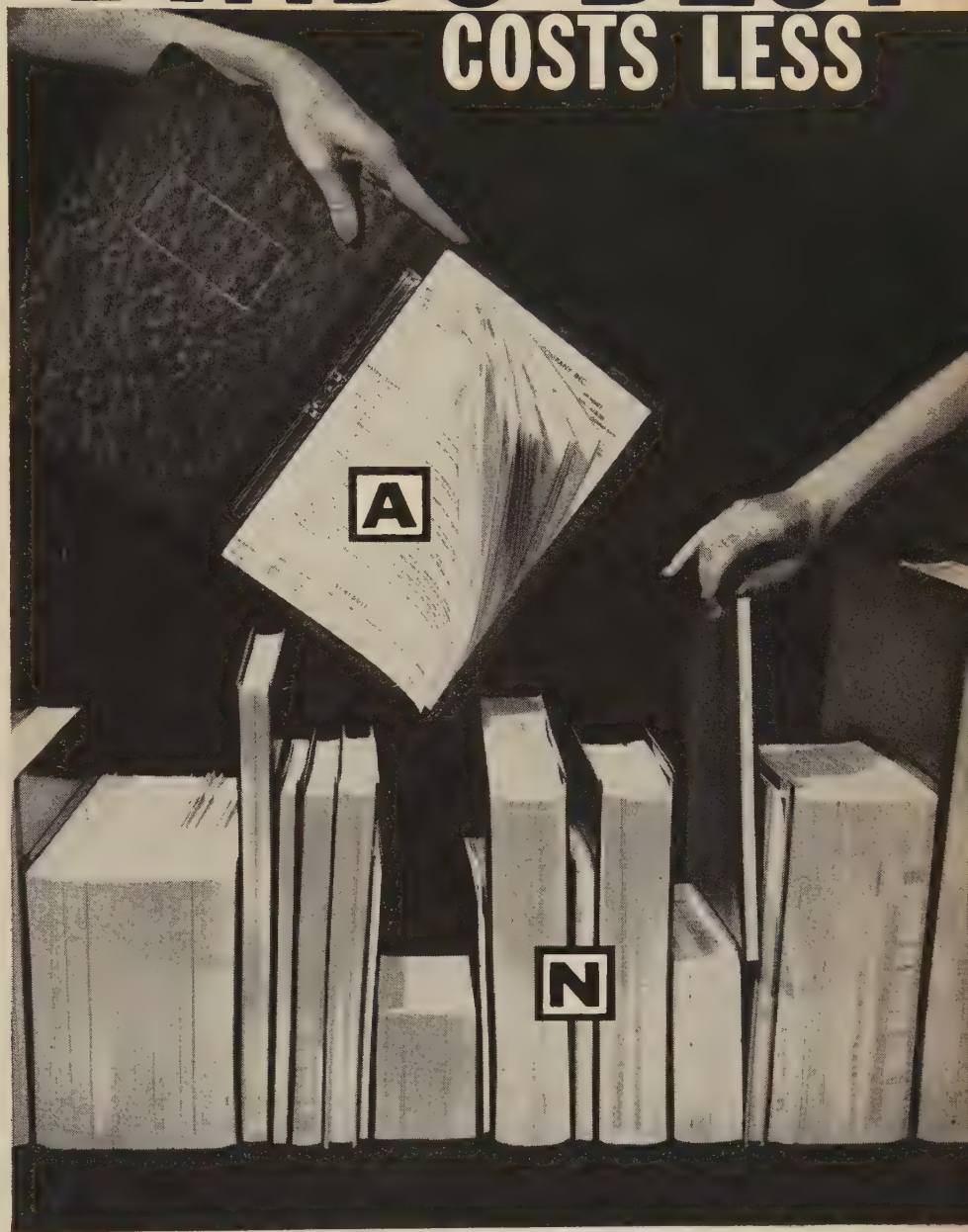
So far, Johnson & Johnson researchers have studied five key problems of retail druggists: sales promotion, salesmanship, modernization of store exteriors and interiors, and stock room modernization. These studies have resulted in the preparation of five highly detailed manuals which contain useful advice on how to improve in each of the areas. Motivational motion pictures accompany each manual.

The most recently completed segment of this continuing program is stock room modernization. Realizing that working capital of retailers is being stretched by increases in products, population and buying power, Johnson & Johnson prepared the manual and motion picture to help dealers overcome these problems. The two profit-making aids blueprint how stockroom modernization can free wasted capital, influence better buying practices and stimulate increased volume. The 32-page manual is packed with suggestions on how to lay out an efficient stock room, how to build it, how to maintain it and how to update buying policies.

Not only has this program gained nationwide acceptance from drug dealers, but it has been adopted by colleges and pharmacy schools.

Nearly any company using similar methods to help its dealers sell more can expect increased profits and an enviable position in the eyes of the men who buy the company's products—the dealers themselves.

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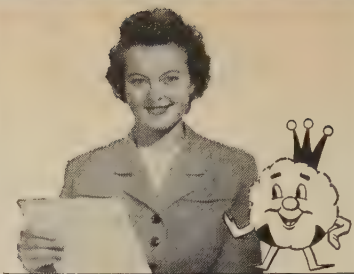
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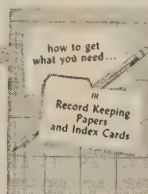


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(Circle number 150 for more information)

Overhead  
goes  
down  
when data cards  
go  
'round!



### acme visible rotaries

... spin nearly a quarter-million 5x3 consumer credit cards to users fingertips—at Broad Street Trust Company of Philadelphia. Reference data moves . . . but the workers do not. Result: Faster customer service. Employee fatigue reduced. Precious floor space freed. **Send coupon to see** how Acme Visible Rotaries soon pay for themselves!

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(Circle number 102 for more information)

### Manager asks expert

continued from page 51

your men, then "roll your o  
With a course that you develop  
salesmen can see exactly how v  
is being taught applies to their  
problems. Using a combination  
inside training and field train  
you can give your salesmen:

1. Company information and entation. (What is the company trying to do?)
2. Product information. (What is the man expected to sell?)
3. Procedure information. (How is he meant to sell it?)
4. Sales information and techniques. This includes:
  - a. How the salesman should manage his time.
  - b. What a good prospect is like.
  - c. How to find a prospect.
  - d. How to get in to see a prospect.
  - e. How to appraise buying motives and use them in organizing his presentation.
  - f. How to recognize and overcome objections.
  - g. How to take the prospect's buying temperature to determine whether he is ready to buy.
  - h. How to ask for the order.
  - i. How to maintain good buying relationships after a sale.
5. Merchandising information and techniques (if needed).
6. Servicing information and techniques (if needed).

Training like this, if properly handled, is neither expensive nor elaborate. It is effective because it is tailored to the needs of *your* men and expressed from their viewpoint. Each man can see "what's in it for me."

Let me sweep away one of your illusions, however. No training in salesmanship will accomplish what you seem to expect. Sales training is not a magical means of transforming each and every stay-at-home bum into an aggressive, successful salesman. You have to start with the right man.

Here is what you will need to be sure of hiring the right men: a careful analysis of your particular sales job to determine what qualities are needed for success





THESE 4 LINES CAN BE READ  
BY 75,264 MANAGEMENT  
METHODS READERS AND BY  
JUST 1 REMARKABLE MACHINE

the machine—the Farrington Optical Scanner—can read what is written above. Both words and numbers, just as they are printed on this page. No special ink. No special paper.

Furthermore, the Farrington Optical Scanner (also known as the EYE) records what it reads. It translates written data into a language that automatic business machines and computers can understand. Punched cards. Punched tape. Or computer tape. So quickly that one EYE can read and punch 100,000 cards per day.

The Farrington Optical Scanner actually “sees.” Its video eye sweeps every character twenty-five times to pick out its identifying features. It recognizes digits, letters, and can even be programmed to identify a variety of symbols. Only the EYE reacts to visual impressions.

If you have three or more operators who read and punch, you can probably use an Optical Scanner to advantage. Only Farrington makes it.

Farrington Optical Scanners are now automating key-punch operations for companies like:

**A.T. NATIONAL BISCUIT COMPANY THE READER'S DIGEST STANDARD OIL CO. OF CALIFORNIA**

For further information, write Farrington Electronics Inc., Needham Heights 94, Mass.





it; (2) a recruiting program which is specifically designed to attract men with these qualities; and (3) a sound selection program by means of which you can accurately and reliably determine whether an applicant does or does not actually possess the necessary qualifications.

Many people who ought to know better have the idea that all sales jobs are much the same. Different sales jobs differ with regard to the experience, schooling, physical characteristics, mental ability and personality traits which they require. They also differ widely with

regard to the basic motivations which they either do or do not satisfy. Because of these differences, no matter how successful a salesman has been somewhere else, you cannot safely predict his success on your job without carefully matching him to it point by point.

When the right men have been selected, sales training will give them information, tools and techniques to increase their productivity.

Even well-selected and trained men will not perform well unless they are properly compensated and

adequately supervised. (A good incentive compensation plan can come close to doubling your production.) But, most important of all, you must have aggressive, hard-driving sales supervisors at levels who will let your men know precisely what is expected of them, be available to help them with their problems and consistently follow them up to insure that they are following instructions. You cannot run a country club for your salesmen and expect them to produce.

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## HOW CAN I EVALUATE RESEARCH? . .

**QUESTION:** *About seven years ago we established quite a costly research department. We brought in a young Ph.D. from a leading university to head it up, a man who came very well recommended by his professors. We have recognized that in basic research you can't expect results right away, and we have given our research director complete free hand. In particular, we have never pushed him to produce directly applicable results. Nevertheless, it has been seven years now, and, as far as we can see, he has produced anything—applicable or not. We certainly don't want to be unfair to him. But, frankly, I'm beginning to wonder. How can we determine his true effectiveness?*

**ANSWER:** Research activities, whether in law or accounting, are special. If you are experiencing difficulty with your staff in either law or accounting, you bring in an outside expert to check on the competence and audit the performance of your man. The same thing is possible with your research department. There are several qualified consultants in the research field. (Arthur D. Little and the Battelle Institute are typical.) Invite their representatives to come in and study your research director and his department, giving a confidential report to you. They know your field and can give you an impersonal, objective report on your research director and on the work being accomplished by him. They will then make recommendations covering the steps you must take to obtain the maximum return on your expenditures for research.



## WON'T MY SENIOR HELP THEIR JUNIORS?

**QUESTION:** *About three years ago we organized our need for a management development program. We contacted the local university and worked closely with them in establishing a combination on-the-job classroom program. The classroom part of the program has operated very well indeed, but I must admit that our part of the program has been woefully neglected. Each young man is supposed to serve as a special assistant to a senior executive who gradually teaches him his job. But our executives are so overworked with work that they're not able to devote much time to coaching junior men. This means that in many cases promising young men are being used as clerical assistants and grand boys. On-the-job development is zero. How can we fix this so that our development training will have some positive results?*

**ANSWER:** You'd best start by revisiting your ideas about how your on-the-job training will be accomplished. Your "coaching" sounds good but it doesn't work. You see, it takes a truly "big" man to be a good coach—a man who is assured enough not to worry about competition from his subordinates; a man who delegates definite responsibility and authority; who is so confident to the point of revealing his "tricks of the trade"; who can listen, suggest, comment, or raise questions rather than tell, order, interfere, or criticize directly. The men who people the vast majority of middle and upper-middle management just aren't up to this kind of coaching.

Some regard their juniors as a threat to their own position and security. They give the training program "the business" through a sense of busyness. Some would be perfectly willing to coach, but they don't know how. They think they are doing what you do when they give these boys routine clerical assignments; these are all they have ever entrusted to their subordinates. This type of executive is a poor leader because he delegates nothing. How can a trainee learn if his "coach" never right over to bail him out whenever there is a possibility of making even some minor mistake?

And some are incapable of coaching, because they don't know how to do their jobs themselves.

What with those who won't, those who don't know how, and those who can't, your program doesn't have a prayer of success.

Instead of the coaching program, adopt the tried and true idea of putting junior men on specific junior executive jobs. Let them learn by having definite work assignments of their own, while you gradually move them up through successively more demanding and

more complex jobs. Keep careful track of each man so that no one gets stymied on some routine assignment; only those who don't have what it takes are allowed to drop behind. It has been proved again and again that a junior man learns much more from gradually broadened personal responsibility than he does from observing and talking with superiors while *they* do the job. The mistakes he makes are essential to the learning procedure, and part of the cost of a good executive development program. ■



## Here's how leading industrialists convey ideas successfully!

Filmed presentations in modern industry have proven their value—for training, sales presentations and public relations programs. One key to successful use of AV materials is the screen upon which your program is projected. Da-Lite Projection Screens are the finest quality available—whether you need an Electro<sup>®</sup>screen or a Vidiomaster portable tripod model. The White Magic glass-beaded surface permits big-picture vision with clarity and natural color. Da-Lite Screens with the new lenticular surface permit movie and slide presentations in rooms not completely darkened.



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(Circle number 115 for more information)





## Related—but

### THE MEN

**Thomas D. Cabot**  
*President*

**Russell Allen**  
*Executive Vice President*

**Boyd Britton**  
*Operations Vice President*

**Owen Brown**  
*Sales Vice President*

**Louis Cabot**  
*Financial Vice President*

### THE COMPANY

**Cabot Corp.**  
*Boston*

### THE DESIGNERS

**Rodgers Associates**  
*New York*

At Cabot Corp. top executives are housed on the 15th floor of a brand new building in downtown Boston. The switch to contemporary decor was made from the traditional style of its old quarters when this venerable but vigorous New England firm moved to the modern structure.

All executive offices are carefully coordinated in design. Yet each bears the distinctive mark of the man who occupies the individual office. The feeling of planned unity is created by reiteration of colors, fabrics, furniture and floor coverings. Clean contemporary furniture—almost classic in interpretation by Knoll—further the feeling of harmony of the whole.

Each office is esthetically and functionally satisfying as a background for conducting a worldwide carbon black business—and equally satisfying to each executive's personality.

Overall and individually, design and decor are orderly, yet richly attractive and livable. Architectural details, which might mar the harmony of design and function, have been artfully transformed to create interesting focal points and added utility.

Handsomely grained walnut panelling and furniture add repeated pattern to each office. Predominant tones are strong, with liberal use of black and grey.

PHOTOGRAPHS BY SCOTT HYDE



*This spacious room gives President Thomas D. Cabot an esthetic and functional environment for decision making. Its otherwise distracting structural column gains beauty and utility with ceramic tile and quartered walnut housing—enlarged to accommodate a closet.*



# personalized—offices

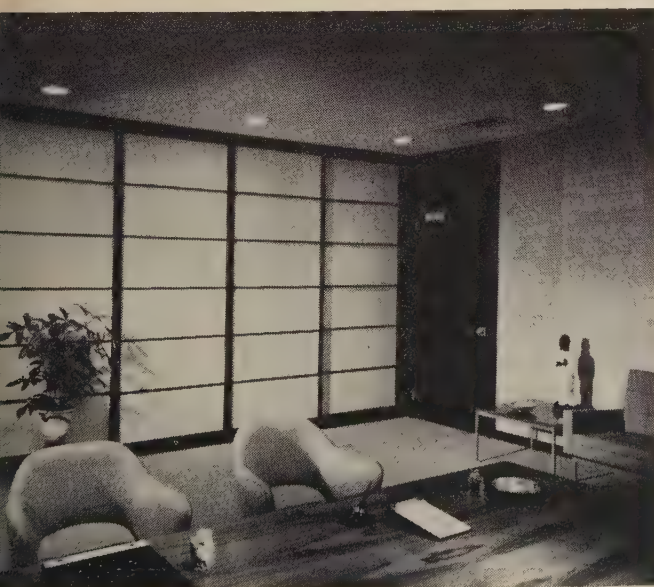
## FOR AN EXECUTIVE TEAM



*Hand colored photographic reproduction of world map covers an entire wall in the office of Financial Vice President Louis Cabot. Rest of the room repeats map colors—yellow, grey, black. Contemporary sofa and tub chairs are convenient and comfortable for informal conferences.*



*Forthright color scheme throughout Boyd Britton's office is red, black and brown. Difficult architectural detail is transformed here by ingenious design treatment. Free standing column, overlaid with Venetian glass mosaic, rises from a stainless steel planter.*



*Oriental motif is introduced in decor of Sales Vice President Owen Brown's Office. Shoji-screened storage wall encloses otherwise prosaic building column. Black lacquer woodwork and accessories further the oriental feeling. Wall behind sofa is richly covered with Shiki silk.*



*Interesting solution to conventional photo display is found in the office of Executive Vice President Russell Allen. Rich sepia tone prints are slotted in aluminum vertical channels—the exhibit can be changed at will. Masculine palette is green, grey, beige, black, yellow.*



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New electric adding machine speeds figurework

A 10-key electric adding machine has been introduced which is 25% faster than similar units, Monro Calculating Machine Co. states.

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Placement of repeat key on Monro machine makes multiplication easy.

weight, the new model is readily portable to point of need.

The case is designed for comfortable wrist support for fatigue-free operation.

For complete details on this new adding machine, circle number 20 on the Reader Service Card.

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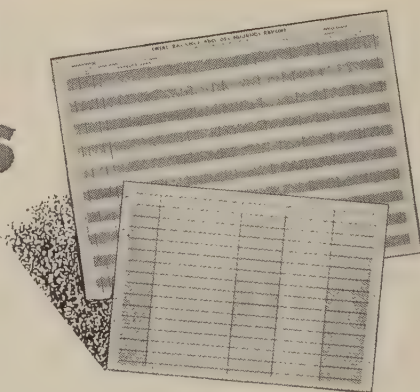
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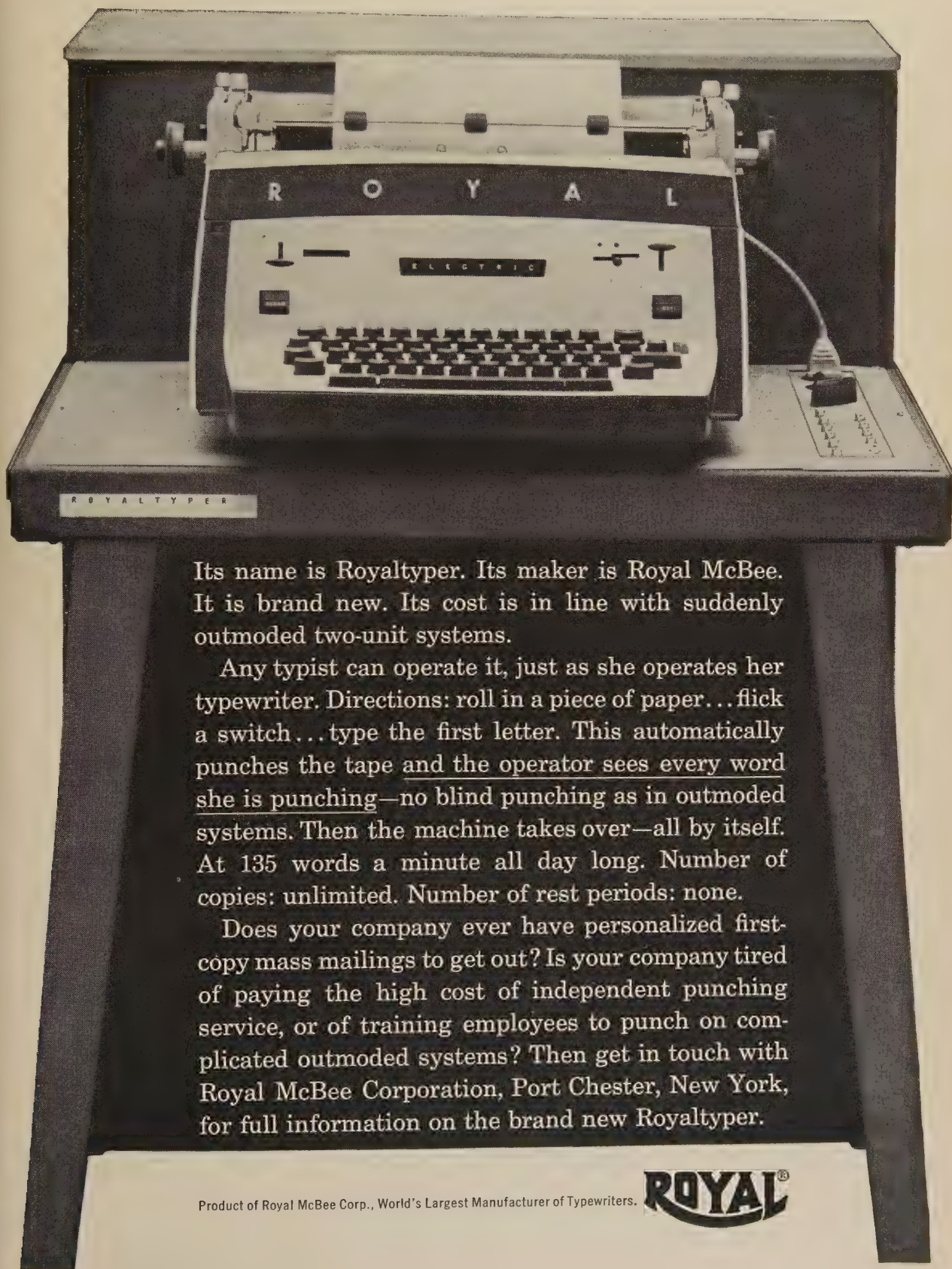
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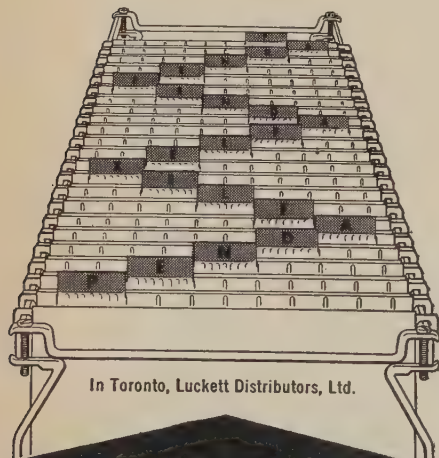


# A file clerk's fancy always turns to thoughts of PENDAFLEX®!

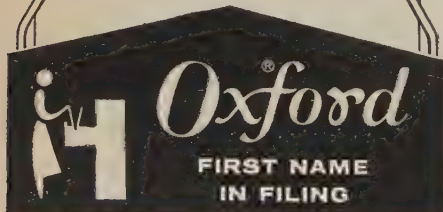
And why not? Oxford Pendaflex hanging, sliding folders create a year 'round love affair in any office. The boss loves the accuracy of exclusive Pendaflex "Keyboard" selection. Office managers pledge eternal devotion to the timesaving efficiency of those fast-sliding folders. And, of course, file clerks are rapturous about the ease of Pendaflex fingertip control of *all* file drawers.

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(Circle number 149 for more information)

desirable work and street noises are barred by the glass.

Monsanto also reports the new laminated material is many times more effective than solid glass in suppressing sounds at 2,000 cycles per second. This is the frequency of sharper voice sounds such as "s" and "t". In effect, it makes your conversations unintelligible beyond the barrier—giving you greater privacy.

The special laminated glass is ideal for partitions, dividers and window walls, wherever quiet and privacy is paramount.

*For technical data on this new glass, circle number 252 on the Reader Service Card.*

## MAIL HANDLING

Small, low cost postage meter imprints any needed amount

The first postage meter to imprint directly on any mailing surface has been developed by Tele-Norm Corp. Called the Postalia, the very small unit stamps as it rolls over a package, envelope or card. There's no need to change a lever from direct to tape imprint and there's no bother of pasting tape on packages.

Only five pounds, it's just half the weight of the lightest meter on the market and 70% less than that of the average meter, the maker states.

The Postalia can be conveniently carried to any department whenever it's needed. For larger volume mailings, it can be snapped into an

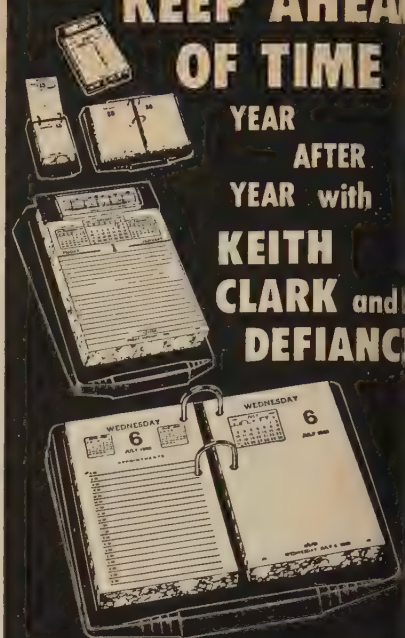


New portable postage meter is small enough to be locked in desk drawer.

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MANAGEMENT METHOD



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## MANAGEMENT CONTROL SYSTEMS

Edited by DONALD G. MALCOLM, *Operations Research Inc.*, and ALAN J. ROWE, *System Development Corp.* General Editor: LORIMER F. MCCONNELL, *System Development Corp.* With 27 contributors. The result of a symposium held at System Development Corp., this book covers the whole field of developing modern management controls, starting with current development and continuing with future predictions. Shows *how* computers make it possible to design entirely new management patterns. Also deals with the use of computers to simulate company activities for testing and evaluating the effects of policy and procedure prior to adoption.

1960 • 374 pages • \$7.25

## EXPLORATION IN MANAGEMENT

By WILFRED BROWN, *Glacier Metal Co., London*. Describes the organizational system which has evolved in the author's own company. Regarded as a social institution in microcosm, this is the story of how an operating company became a cohesive society. It is a study with an authenticity and immediacy rare in management studies.

1960 • 322 pages • In Press

## WORK IMPROVEMENT

By GUY C. CLOSE, *Aluminum Company of America*. This book details management principles applied specifically to work improvement methods and actual situations. Gives examples from a wide variety of fields with stress on proven techniques and practical results.

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For more information on Paraphone, write to Epsilon Industries, Faggs Rd., Feltham, Middlesex, England.

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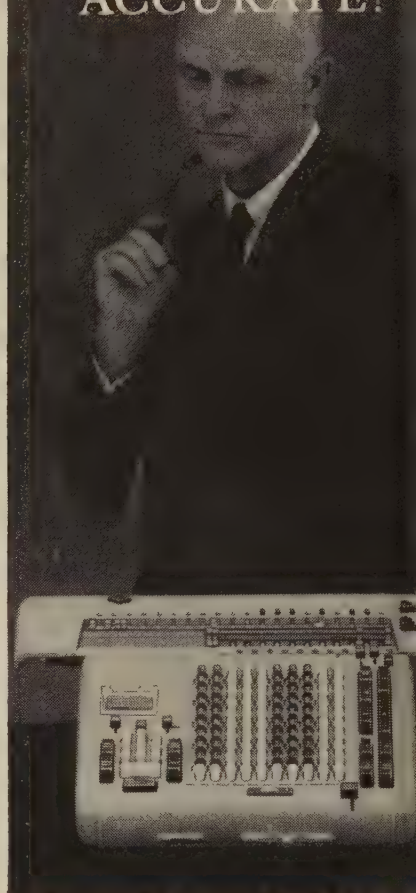
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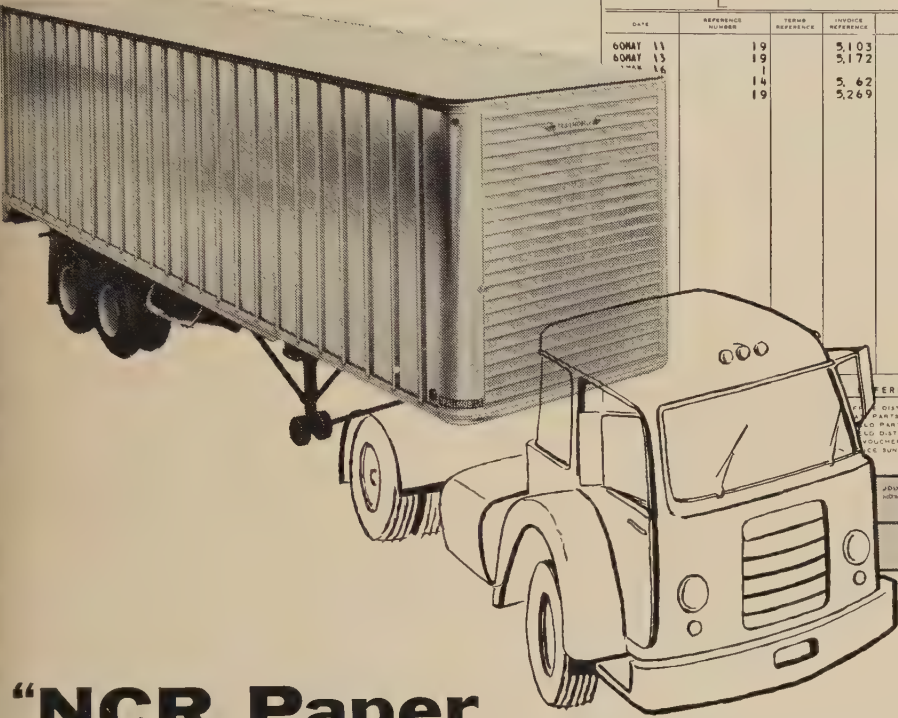


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**Write better**

*continued from page 45*

you are more likely to write it as it should be: "We realized we would have to make drastic changes." Notice how much more interesting the second version is. Chances are, even the writer would feel the enthusiasm generated by his more interesting style, and would be swept up in sort of a chain reaction leading to still more enthusiasm reflected in his writing. This, we have found at IWI, is an important reaction in the psychology of writing.

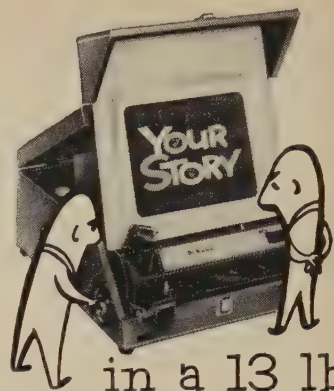
People in your sentences make the writing more accurate too. The passive voice sentence, "It was realized that drastic changes would have to be made" is not only dull but inaccurate. It leaves unanswered the important question, "By whom? Who realized it, and who would have to make the changes?" Its active voice translation, "We realized we would have to make drastic changes" leaves no doubt. People in the sentence make the difference.

## 6. Know your subject

Sounds ridiculous, doesn't it. But you might be surprised to see, as we have seen at IWI, how many businessmen don't really know all they should about the subject they are writing about. As a result, they try to cover up with vague generalities that are at best ambiguous, at worst meaningless. Or, they try to learn as they write. This learn-as-you-go method creates some of the dullest, most uninspired and uninspiring prose in industry.

We are not suggesting that executives are not well enough informed. Certainly most men in business with responsible jobs hold those jobs because of their ability. But human nature makes many people try to sound more informed than they really are—especially in writing, for some mysterious reason. When that happens the writing falls flat. And it doesn't fool the real experts. There is still no substitute for expert knowledge when one is writing. The real expert has confidence in himself and in what he is writing. And he usually has more enthusiasm for his subject than the not-so-expert. His self-confidence and enthusiasm show through in his writing. He is more likely than most

# A professional salesman

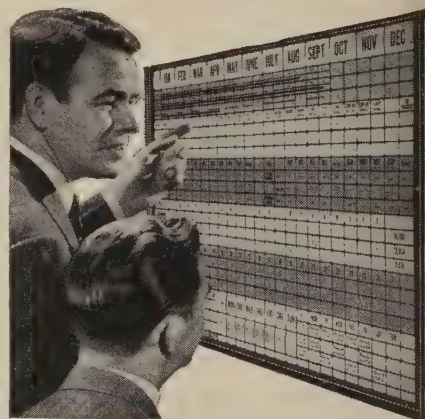


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MANAGEMENT METHODS





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to apply Principles one through five correctly, because he isn't trying to impress anyone.

### How to organize material

Start your written piece by telling the reader the gist or conclusion right away. This may sound backward, but remember, you're not trying to write a mystery novel. There's no need to keep the reader wondering until the very end whether or not the butler did it.

Engineers and scientists often feel they should report a project with the conclusion last. In a sense it is

logical that they should think this way, but what is right in arriving at a conclusion is wrong in reporting how you arrived at it. The conclusion should still go first. The engineer or scientist often assumes that the natural way to report his work is to relate it in the same order that he did it. But hindsight is always 20/20. With the results or conclusion first, and then the step-by-step procedure, the reader can study and digest each step as he goes, because he can compare it with the end result. And he can stop anywhere in his reading to clarify in his mind

how a particular step fits into the overall picture. Without that conclusion at the beginning, he doesn't know what the overall picture is until the end. Any clarifying or digesting along the way requires reading the report twice.

For businessmen who are not engineers or scientists, the principle is the same. Put the conclusion first. For example, if you are writing a report on your opinion of coffee breaks in your company, don't wait till the end to tell whether you are for or against them. Rather, give your opinion first, then tell why.

Regardless of the type of writing, keep your information in order. Whether you tell events in the order in which they happened, or present arguments in order of importance, use some order. Don't jump around.

### Logic in your writing

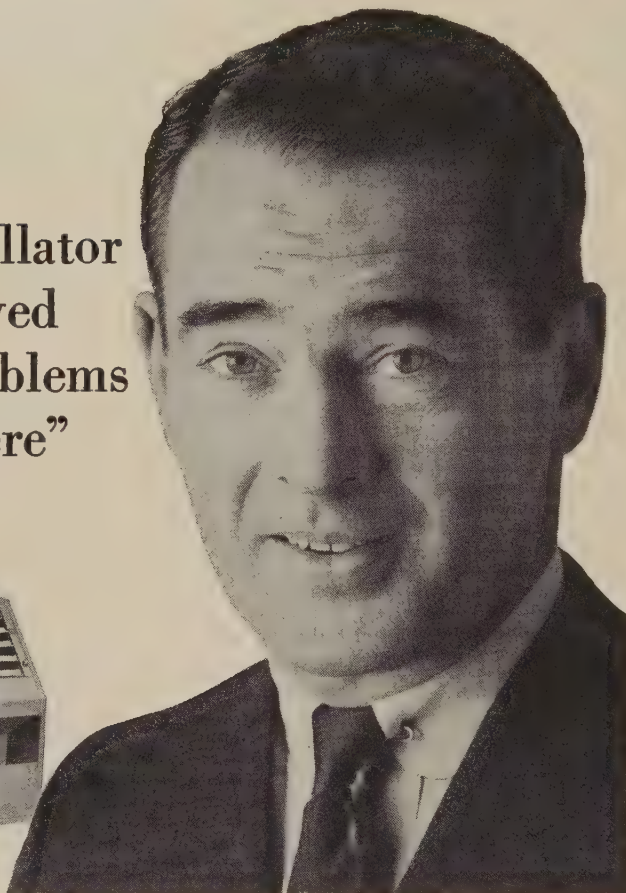
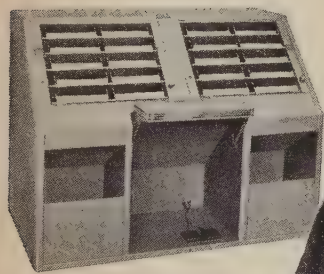
It is a pity that everyone is not required to take a course or read a book on Aristotelian logic—not only for writing, but for almost all experiences involving clear thinking and the necessity of dealing with people and situations.

Take a tip from lawyers. Much has been written about the complexity of legal writing, and how unnecessary most of that complexity really is. Many of these criticisms are well-founded. But at least this much can be said in favor of legal writing: it is always logical. It always builds step by step from one point to another. Try a little of the legal technique in your own writing (being careful, though, not to be influenced by lawyers' tendency to use big words unnecessarily).

### Don't be bound by rules

Many writers get into trouble because they stick unflinchingly to formal rules. But there are cases where it is better to break a rule for simplicity's sake. Furthermore, many of the rules have probably changed since you learned them in school. You probably learned, for example, not to end a sentence with a preposition. Today, a preposition is considered a fine word to end a sentence with. And you probably learned that you can't begin a sentence with "and" or "but." But you can. You can even use sentences that are grammatically incomplete, if you're skillful enough. Sometimes, anyhow. ■

"a new  
Thomas Collator  
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a lot of problems  
around here"



It's my job to look for trouble—preferably before it starts—but one job that always caused me plenty of headaches was this business of gathering duplicated pages into sets. It's always the same—too little time—not enough help—and plenty of grumbling by the girls.

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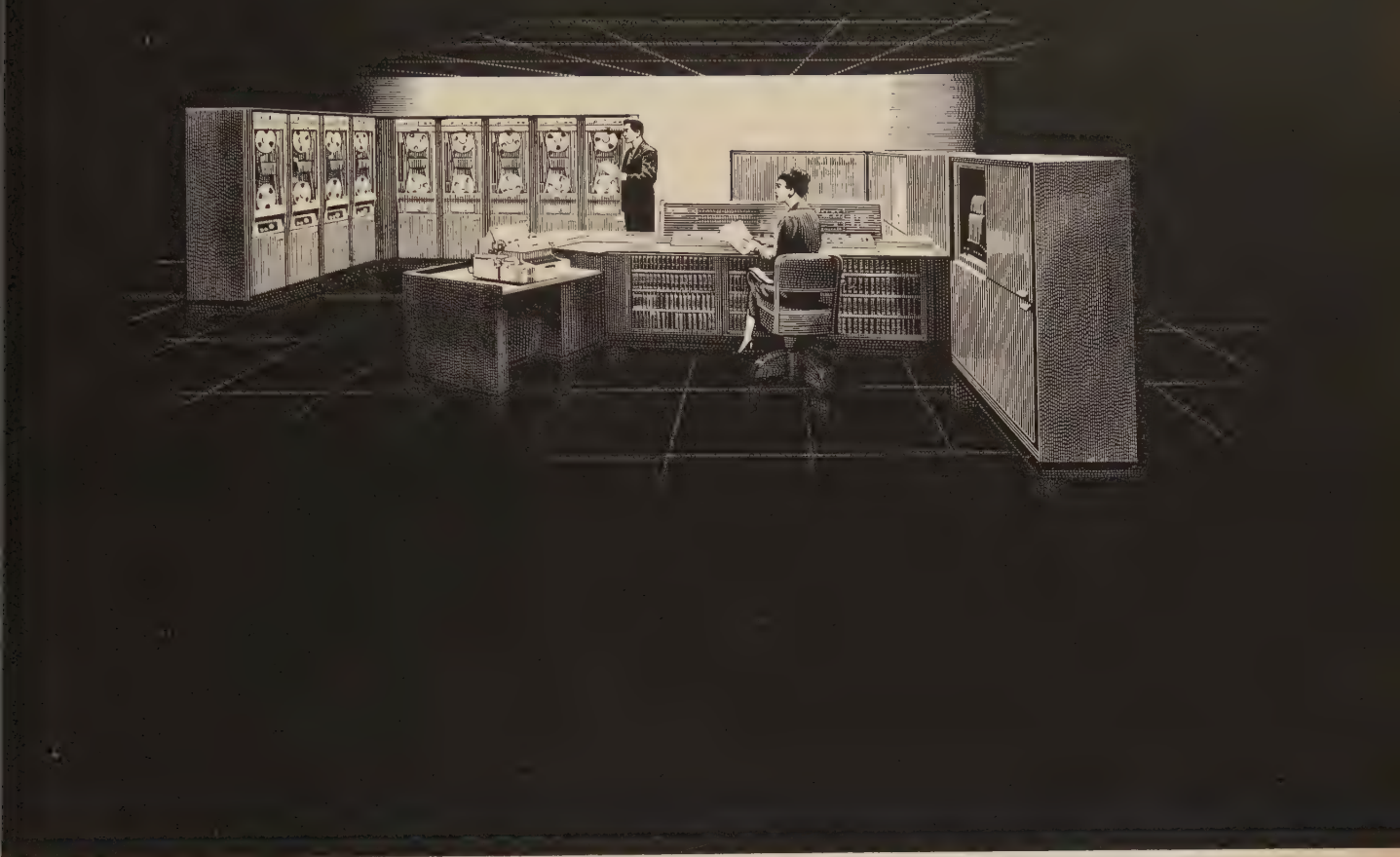


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***This is the only service of its kind that sellers to the public school market can obtain today. It tells, on a national basis, when a new school is being "contemplated."***

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*Here are some examples of practical use of this information:*

**Sales Leads** To alert local distributors or salesmen to an important sales opportunity in their territory (the Individual Slips are ideal for this and can be sent directly to your field personnel if you wish).

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**"The European is better off in terms of money retained and job security."**

echelons are not looked upon with the same degree of confidence regarding their management capacity as in America.

**Too few managers.** Furthermore, both the heavy losses of men during World War II and the fast growing business after the war have produced serious problems due to lack of managerial talent in the rising generation. These losses are in the 30 to 40 year old age group which would probably be high enough in the echelon to be considered "middle management." Because of this numerical shortage of

managers, the top European manager does not have much chance to delegate authority even if he is aware of the need to do so. The lack of delegation, of course, overburdens the manager at the top and deters him from his primary management tasks.

On the other hand there is some neglect of organization principles which, to a certain degree, reflects the basic European management philosophy. Some American observers feel that normal delegation is not exercised because of the fear of loss of prestige or power by the

## Profile of A JOVIAL BRITON



Norman Grimshaw, 38, is chairman and managing director of Vitafoam Ltd., manufacturers of latex foam in Manchester. The company employs 1,200 people, does an annual business of about \$11 million.

Mr. Grimshaw was trained at the Rubber Technical College, speaks only English, has four young children.

He is an owner of Vitafoam Ltd., which is not a family concern. Five key men control the management.

He works six days a week, from 8:45 a.m. to 6:00 p.m., never carries work home. He takes a leisurely, social lunch which is his midday respite from business. However, he reports that he does do considerable business entertaining.

His vacations consist of trips to North Wales for three weeks in the summer, a week at Easter, and a week at Whitsun. He takes off another week at Christmas.

Mr. Grimshaw describes his chief job as forming management policy. He has set his goal at doubling the size of the business in the next three years; he aims most of his efforts at this end.

Do American businessmen, with their seemingly brusque efficiency, irritate him?

"I'm never irritated by people," he says. "I like Americans and I think we can benefit both ways from an exchange of know-how."



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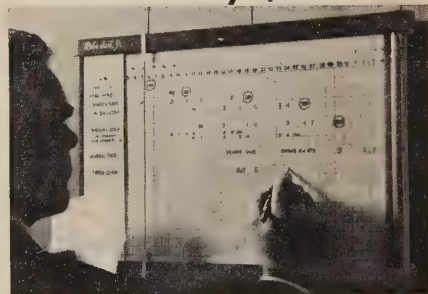
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**"The European manager is still fundamentally autocratic and individualistic in outlook."**

European manager. When this condition exists, there are many ramifications. Subordinates are not developed, information is not distributed, management cooperation is not enhanced.

In general, improvement in organization practice appears to be one of the big management opportunities available to European business.

### Organization structure

■ The organization structure of European companies is a reflection of the autocratic method and the limited ownership. The average company structure, when charted, tends to be that of a tall thin pyramid as opposed to a short stubby one in the U.S. In other words, there are many levels of management between the general management and the worker.

A comparison between a German and a U.S. steel company of comparable size of total employees reflects this structure. As seen in these figures, the German firm has 86 employees in its work force to

|                      | Middle<br>manage-<br>ment | Em-<br>ployees |
|----------------------|---------------------------|----------------|
| U. S.<br>steel firm  | 537                       | 15,431         |
| German<br>steel firm | 183                       | 15,800         |

every one member of middle management. In the U.S. firm this ratio is 28 to 1.\* On the other hand, there are fewer people at the top echelons with broad management authority—again typical of family oriented businesses.

**Line and staff.** This structural characteristic is also reflected in the less developed use of staff than is found in American companies. The line-staff relationship is not nearly as common as in America, *text continued on page 91*

## Profile of A YOUTHFUL GREEK



Farmakis Nicholas, 32, is aggressive, personable, educated in America. He is executive director of Perelli-Hellas Tyre and Rubber Products Co. in Athens.

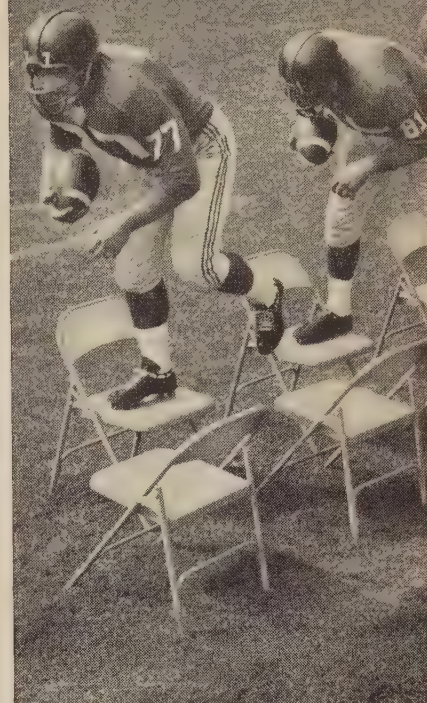
A member of a distinguished Greek family, he came to the U.S. in 1948 to study, first at Mount Vernon School in Northfield, Mass., then at Bryant College, Brown University, where he majored in sales and industrial management.

When he returned to his country, he served for a period as an officer in the Greek Royal Artillery. Upon his discharge, he was named to the board of directors of Ethel Rubber Co. In this capacity, he undertook a study of the feasibility of establishing a new tire and rubber company in Greece. This eventually led to the establishment of the company of which he is now executive director.

His executive approach is based on sound politics, scientific management, and a firm belief in American methods.

In Greece, which boasts three of the 10 richest businessmen in the world, money making is considered a national sport. However, business is often hampered by government regulations and red tape. To operate successfully there, it is necessary to understand and abide by the customs and rituals that cling to business.

New York Giants defensive linemen



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\* F. H. Habrison et al., "Steel Management on Two Continents," *Management Science*, October 1955



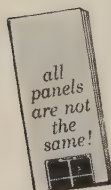
# all panels are not the same

*This is a MAC Panel control panel, a product precisely engineered for use with IBM punched card and data processing equipment. And, there is a difference between this panel and others.*

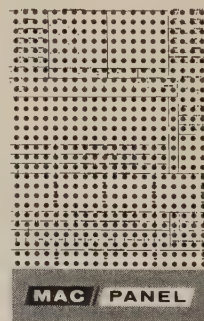
If you place another make of panel next to this one, both may look the same; lift still another panel and compare with this one and it may even feel the same.

Where, then, does the difference lie? Why is this MAC panel—or any MAC Panel product, for that matter, different from others? Wouldn't other panels be just as good if, in one instance, one had the same sharp appearance, another possibly felt as light and as easy to handle?

No! It takes more than just one or two qualities to make a good control panel. If other panels had all of the qualities, they would be just as good. But here's the important difference. *They don't!*



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text continued from page 89

strangely enough, since some of the basic staff concepts were developed by the German military genius, von Clausewitz. In fact, there is no German translation for "line-management," as the term is used in America.

In connection with staff, the organization structure of certain functions is less significant than in America. This is particularly true of the "personnel" function, which is seldom organized at the top level. Similarly, even when in a company as a departmentalized function, it is normally limited in scope. Personnel, in the broad sense of that word meaning selection, compensation, management development, appraisal, recruitment and related practices, is rare indeed. The same might be said about finance and accounting. Finance in terms of financial planning may be in the hands of bankers. Cost accounting is a relatively undeveloped technique and is not in a prominent management position.

One structural characteristic in Europe, particularly in Germany, that is quite unique is the practice of "two headed" management. Two men may have a joint and equal responsibility for running a plant, one being technically oriented, the other being accounting oriented. The degree to which this is successful, of course, depends on the compatibility of these two men.

**Management separateness.** The structural characteristics of European management are at times reflected in the corporate organizations themselves. For instance, the marketing and commercial activities may be organized in a separate corporate entity from the technical and production activities. Moreover, the financial affairs may also be in other hands—perhaps in the hands of private bankers. Needless to say, when these separate corporate managements exist, the cohesiveness found in American management is lacking.

**Management philosophy**

■ Probably the basic difference in organization practice between Common Market and American management is in the realm of management philosophy. In a word, the European manager is still fundamentally autocratic and in-

**"Secrecy of salary is a reflection of the family atmosphere that often dominates European companies . . ."**

.....

**Profile of A BUSY FRENCHMAN**



"Americans," says Paul A. Gambin, "suffer from a certain slowness in making decisions over apparently simple problems."

Fast acting Monsieur Gambin, 38, is president of Gambin S. A., a company that manufactures machine tools. He has just moved his company from a Paris suburb to a brand new plant in the French Alps.

The modern plant, in Viuz-en-Sal-laz, was built in just 11 months. It took President Gambin only three weeks to move the entire business

across more than 800 miles to the new plant, and get things running at a new level of efficiency. The move involved transferring the families of 150 employees.

Gambin S. A. has 375 employees, does about \$2¼ million in sales annually. There are about 200 stockholders, but Paul Gambin and his mother hold the controlling interest. The company's management consists of President Gambin, a managing director, a financial director (who is a joint managing director), and a production manager.

Paul Gambin is married and has five young children. He attended the Conservatoire des Arts & Metiers; he speaks German and some English.

He is the kind of executive who works hard, likes to get things done fast. He is at the office at 7:15 in the morning, and works through until 6:30, with an hour or an hour and a half out for lunch. He puts in a 5½-day week.

He takes three or four weeks of vacation a year. He used to vacation in the French Alps, but now that he has moved his plant there, he is faced with the problem of finding a new place to go.

President Gambin looks at his job primarily in terms of promoting ideas and action, and coordinating work. It is his job, he says, to stimulate initiative in all departments, and to create a dynamic atmosphere within the company. He also devotes himself to long range policy planning and product development.

Paul Gambin sees advantages to closer ties between European and American businessmen. "More competition," he says, "would stimulate technical progress. Progress would be furthered by increasing the exchange of technical and research data."

**This new Gambin plant was built in 11 months.**





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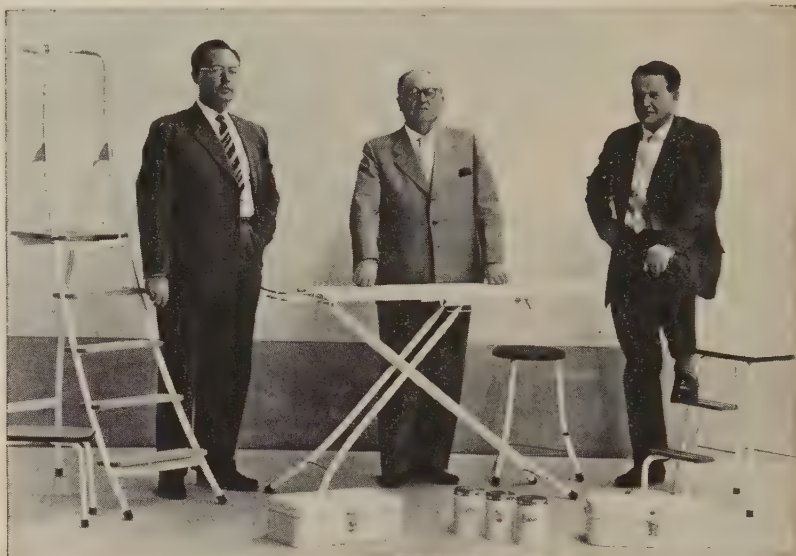
"The business regime, often as not, is in the

dividualistic in outlook. The business regime may well be a benevolent autocracy. But more often than not, it is autocratic.

This is a perfectly normal development when we examine the own-

ership characteristics of European companies. They are, for the most part, closely held companies. This is true even in the cases of many of the listed companies (although it is impossible to make a shareholder

### Profile of a SALES MINDED DUTCHMAN



Brabantia N.V. is a family owned company in Aalst (N.B.), The Netherlands. The company makes metal household articles.

Founded as a humble workshop by Johan van Elderen (*center*), the company now has 600 employees in The Netherlands, Belgium and France, and does an annual business of about \$38 million.

"Papa" van Elderen, 74, has now turned over most management responsibility to his two sons, Christianus (*left*) and Cornelis (*right*).

How a typical Dutch executive works and thinks is illustrated by an interview with sales minded Christianus.

Christianus van Elderen, 49, is managing director in charge of all commercial operations. Married and the father of six children, he was educated in The Netherlands, speaks Dutch and German.

Reporting directly to him are the company's salesmen, export manager, chief clerk, advertising mana-

ger, and also the public relations adviser.

He works 5½ days a week, usually from 8:30 until 6:00, with two hours out for lunch. Asked if he commonly negotiates business at lunch, he says, "No, I want to live a long life."

He takes a month's vacation in the summer for travel in Italy and France, sometimes takes another two weeks off for winter sports.

Christianus van Elderen feels that American businessmen suffer from a superiority complex, but he sometimes adopts American sales promotion methods. For example, last year he set up a "Eurokitchen" exposition, featuring typical kitchens from various countries in Europe—all including Brabantia products, of course. This year the company sponsored a concert featuring an especially composed song, the "Brabantia March," rendered by an "orchestra" of housewives playing on various household utensils manufactured by the company.



form of an autocracy."

comparison with American companies because of the European "bearer" shares which do not designate actual ownership and are held usually by banks for the owner).

Such major automobile companies as Fiat in Italy, Mercedes Benz in Germany and Peugeot in France are all very closely held. This tight control exists to some degree because of the different classes of stock. It was common practice in many European countries prior to World War II, for some shareholders of a given company, usually the original founders of the firm, to receive preferred shares with a plural voting power; whereas most subsequent subscribers would receive ordinary shares with not more than single voting power for each share purchased. The practice, which sometimes has created an abusive minority control, has been restricted in some European countries.

**Like a family firm.** The average European company more closely resembles the American family company and, similarly, has many of the same characteristics. There is, for instance, a high degree of secrecy in the conduct of its affairs, concentration of power and knowledge of the total business in a relatively few hands, a strong entrepreneurial instinct in general management, a lack of public disclosure of financial affairs and perhaps a fair degree of nepotism.

Although the foregoing generalizations appear to be factual, there is an apparent trend slowly moving toward more of the so-called American scientific management. There is an increasing interest in marketing, including market research, in the broader sense of the word. Job evaluation, which was at its height of newness in America during World War II, is taking hold in Europe (Italy in particular) in recent years. Standard cost systems are being developed. Management appraisal and development and management controls are getting increasing attention. As these and other management practices take over in Europe, the marriage with American companies will be a more comfortable, compatible affair. ■



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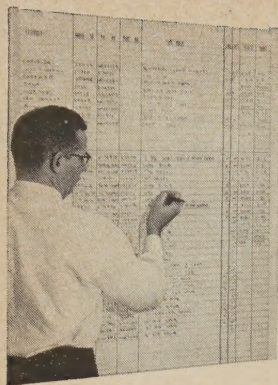
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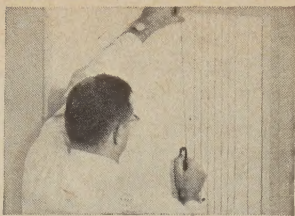
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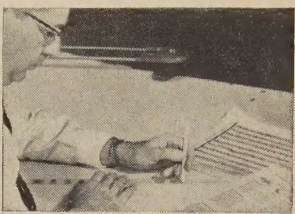
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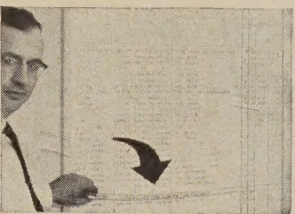
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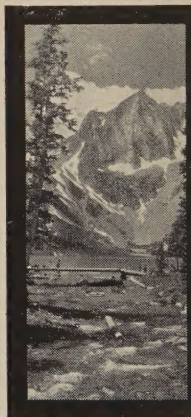
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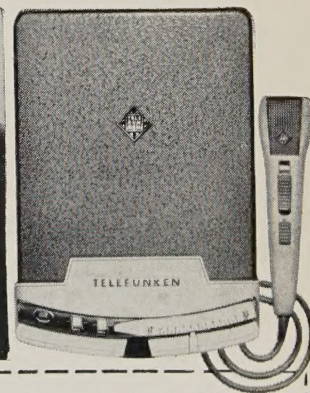




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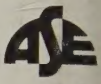
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